

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENT NO. 2565

Mrs. HUTCHISON. Madam President, I want to talk about the underlying formula, the Dole-Hutchison formula that is in this bill. The key to our formula is balance. When we looked at the monumental problem of welfare reform, the main goal we had was to keep the reform in the bill but not penalize any State too much. So what we did was take the high-payment States, the high-welfare States, and we froze them. That is a big gain in the beginning for those States because we felt that we could not go to a State like New York or California and say next year you are getting a cut. So we freeze them for 5 years.

When you are talking about a 5-year block grant, you have to be very careful. You have to be careful about year 1, but years 3, 4 and 5 are just as important, especially if you are a growth State. And, if you are a low-benefit growth State, you do not have the margin of error that would allow you to absorb growth with a very low benefit in the outyears.

So we took this problem, and we said how can we do a 5-year block grant so we can plan for the budget, so that we can balance our budget responsibly without hurting any State too much? That is what the Dole-Hutchison formula does. It leaves the high benefit States whole. They never lose anything that they had in 1994 and beyond. No State loses anything they had from 1994 on. But we took \$887 million and we allocated that for low-benefit high-growth States so that in the outyears, 3, 4, and 5, we knew what the budget would be but we allowed them a modest growth. It is modest. It is 2.5 percent per year for a low-benefit high-growth State.

So our goal is to slowly reach parity. It is slower than many of us would like to see because many States start very low like the Senator from Arkansas who was just speaking. He is one of the States that is going to grow slowly. But, if you put food stamp and AFDC together—and they do go together—most States will eventually reach parity. But they will do it gradually. They will do it without hurting any other States.

What is wrong with the Graham amendment? We have heard Senator GRAHAM and Senator BUMPERS talk about the merits of their formula. If I were the dictator, I would say sure, let us start next year, and let us say everybody is going to be equal in America. What is the problem with that? The problem is this is the United States of America. We have 50 States that have to come together to make collegial decisions. We have to do it in a responsible way so that one State is not such a big loser that it could put

that State in severe financial straits from which they really could not recover. That is what is wrong with the Graham-Bumpers amendment.

It is totally fair. There is no question about it. But if you do totally fair on paper and do not take into account that someone has to pay for this, then it is just what you have—something on paper because it will never be a collegial decision that is fair enough that all of us could feel in good conscience that we could adopt it.

Mr. SANTORUM. Mr. President, will the Senator yield for a question?

Mrs. HUTCHISON. Yes.

Mr. SANTORUM. The Senator is saying this is totally fair. I think she is right given this abstract when you say start all over. But as you know, in the bill, I think what we propose is a modification by the leader to the substitute. There is going to be an 80-percent maintenance of effort provision in all 5 years of this bill which means that these States, like New York and California that have high maintenance efforts, are going to require that they continue to contribute 80 percent of the 1994 funding level. If we are going to require 80-percent maintenance of effort, how could there conceivably be a situation where New York, for example, where we are going to require New York with their maintenance of effort provision to actually contribute more on the State level than the Federal Government will under the Graham formula? Could that be a result?

Mrs. HUTCHISON. That is correct. That could be a result. That is exactly correct. You see, there is another point here. When we are talking about the underlying bill, we are talking about redistributing \$887 million over a 5-year period. So we are holding everyone harmless. Every State is held harmless. And the low-benefit, high-growth States that need that extra help are going to divide the \$887 million. But the Graham-Bumpers amendment does not redistribute \$887 million. It redistributes \$17 billion. It takes the entire pot of \$17 billion, and it says, OK, we are going to put it on a 5-year plan, and at the end of 5 years every person in America is going to have the same amount. When you do that, someone has to pay.

Let us look at what happens. New York loses \$4.6 billion. In a \$17 billion redistribution, one State loses \$4.6 billion to pay for the redistribution to the other States. California is the biggest loser. California would lose \$5.4 billion.

So really you are talking about almost half of the entire amount—actually more than half the amount of the entire amount—which is going to come out of two States.

Madam President, we are a country. There is no State that can stand to lose that kind of money and make it.

So that is why it is very important that we look at realism. What do you think is going to happen if this amendment passes? If this amendment passes, there is no welfare reform. The bill comes down. It is over.

So I ask my colleagues as they are looking at this amendment, which I would love to vote for, and 35 States come out better. But the price when the pound of flesh comes straight out of the heart is too high. And I think if we are not serious about welfare reform that we can go blithely along and say, "Oh, sure. Let California sink into the Pacific. Let New York go into the Hudson River. And, sure. We will have welfare reform that everybody can live with." Well, everybody except New York and California, and anyone who has a conscience. It is like the child who is going after the big bubbles. When the child gets the bubbles the child finds that there is only air in its place.

So the difference between the two bills is really the difference in whether we have welfare reform or not.

Let me say that I sympathize with Florida, and I sympathize with Arkansas. The biggest winner in the Graham amendment is Texas. The biggest single winner of any State in the entire Union is my home State of Texas. We gain over \$1 billion. But I did not come here to get a big windfall for Texas when I know that if I went for that beautiful bubble what would happen is we would go back to welfare as we know it, which no one in good conscience can say is right for this country.

We must persevere to have welfare reform. All of us must give a little. And the underlying Hutchison-Dole formula does give Florida growth. We worked very hard to make sure that the 19 States that have—actually, it is 20 States—that have low benefits and high growth do not suffer to such a great extent that they would be in jeopardy. And I do sympathize with Florida. Florida is like Texas. We have illegal immigration that costs our States dearly. There is no question about it.

However, the GRAHAM-BUMPERS amendment is not the answer if we care about welfare reform. If we care about welfare reform, we will all give a little so that there is a fairness in the system, and we will all win a lot because the people of America will have welfare reform that is going to allow States to have time limits for able-bodied recipients to have welfare, that is going to provide for child care and job training. But it is going to require work for welfare for able-bodied recipients, and it is going to have caps on spending in welfare so that the hard-working American family will know that someone is not staying on welfare generation after generation having things that the hard-working family is not able to buy for its own children. No longer is that going to be tolerated in this country.

That is what welfare reform does, if we are all willing to give a little for everyone to win. That is why the underlying formula is balanced. It is why no one is completely happy with it and why it is easily subject to attack. But

I worked very hard with many other Senators who were concerned about the original Finance Committee bill to try to come up with something that was fair to everyone—not everyone's total liking but fair so that no one would go home saying they did not get something. They either get welfare reform that is good for every taxpaying family in this country, and they get either a benefit in the beginning if they are a big welfare State, or a benefit toward the end if they are a low-benefit, high-growth State.

I think we have accommodated the needs of every State in a reasonable manner, and that is the bottom line. It is balance. It is fairness. It, above all, is keeping the goal of welfare reform so that everyone knows that it is not going to be welfare as we know it. It is not going to be business as usual. It is going to be better for every American if we can persevere and do the right thing.

I thank the Chair. I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I note that the Senator from Texas has to be elsewhere in a moment, but if she could stay just for a moment I would like to suggest that something exceptional has happened tonight. It may be something that Benjamin Disraeli wrote turns out to be wrong, and this is a new thought to me. But I was going to read a passage from Coningsby published in 1870 when the young Coningsby is having breakfast with the old duke, and the old duke says:

In a couple of years or so you will enter the world; it is a different thing to what you read about. It is a masquerade; a motley, sparkling multitude in which you may mark all forms and colours, and listen to all sentiments and opinions; but where all you see and hear has only one object, plunder.

Now, I think that the Senator from Texas, having said it is clearly the case that she is going to oppose a proposal in which the chief beneficiary in the first instance and on a superficial level perhaps would be the State of Texas, leads me to raise the question: Did Disraeli get it right or was it invariably a rule, or is there a Hutchison exception?

In any event, I thank her for her remarks and do observe if this measure would cost the State of California \$5.4 billion and the State of New York \$4.6 billion, it hardly would be a promising addition to the legislation, the underlying bill before us.

I would like to talk just a little bit about this subject, Madam President. We are talking about Federalism here. We are talking about some of the complexities, some of which have grown too complex over time. But the first point I would like to make is this: The disparities in AFDC benefits and Federal contributions, sharing contributions, how do they arise? The Senator from Texas happens to be right about them. They arise primarily for one reason which is very little understood and

possibly never will be understood, that AFDC is not an entitlement to individuals; it is an entitlement to State governments for a Federal matching share of what the State governments choose to spend on the program.

This goes back to the 1935 Social Security Act. It has been varied somewhat from time to time. But the essential fact is that the States are left to design their own programs or have no program.

It would surprise many today to know that you do not have to have an unemployment insurance program. You do not have to have aid to dependent children or, as it later was, Aid to Families with Dependent Children. If you do, you are guaranteed a Federal match. States may choose to set generous eligibility thresholds and benefit levels, or they may choose not to. If they opt for a larger social safety net, they pay for it. But they also qualify for more matching Federal funds. The incentive is optional but intentional.

Now, that Federal match from the beginning—the beginnings are in the Great Depression—was heavily skewed toward States in the South and West. It is only beginning to be better understood that it was part of a policy of the New Deal, although it comes from New York: a President from New York State, a Secretary of Labor from New York State.

The object of the New Deal was to move resources away from cities such as New York, Wall Street as it would be termed, to the South and West, the Tennessee Valley, for the great water projects to reclaim the arid West. In this particular program, the formula, the matching rate, is borrowed from the Hill-Burton formula which came into effect just after World War II—Lister Hill of Alabama. The formula was used to allocate funding for a great hospital construction program. Our esteemed former colleague, Senator Russell Long of Louisiana, informed me that the Hill-Burton formula is the South's revenge for losing the Civil War.

What it does, Madam President, it writes algebra into our statutes. The States receive a Federal match that is determined by the square of their per capita incomes so that the relative difference in those incomes becomes exaggerated. And so it is such that until very recently some States in the South received an 83 percent match from the Federal Government, other States such as New York, California, and I do believe Maine—we will check that in a moment—get 50 percent; 50 percent is the minimum. Actually, Maine's current Federal match rate is about 63 percent.

It now goes from 50 percent to 79 percent. One of the first proposals I made when I came to the Senate 19 years ago when this was just beginning to be so patently inequitable, simply because costs of living were so different, I said, if we were going to have algebra in our

statutes, instead of the square of the difference, why not the square root?

Well, I did not get much support for the idea. But one did begin to study the differences in tax capacity, the differences in costs of living. It makes astounding differences. If you just take that fixed poverty level, you will find you underestimate the true cost-of-living equivalent of the poverty level in a State such as mine by about 30 percent.

A word, if I may about per capita income. In virtually every debate we have on this floor or in committee about the States' relative fiscal capacity, we use per capita income as the proxy. Per capita income is a proxy, but not the only one. States such as Texas, for instance, that are endowed with natural resources may impose a severance tax when those minerals and natural gas and crude oil are severed from the ground. A severance tax is a wonderful way to raise revenue because the end user, usually out of State, ultimately pays it. I would note that Texas does not have a personal income tax. Perhaps one is not needed. After all, the State can export much of its tax burden out of State.

The Advisory Commission on Intergovernmental Relations [ACIR] has looked into this. This is the ACIR established under President Eisenhower in 1959, a nonpartisan, professional group. In 1982, the Advisory Council on Intergovernmental Relations with its long history of research, adopted the following resolution.

It said:

The Commission finds that the use of a single index, resident per capita income, to measure fiscal capacity seriously misrepresents the actual ability of many governments to raise revenue. Because states tax a wide range of economic activities other than the income of their residents, the per capita income measure fails to account for sources of revenue to which income is only related in part. This misrepresentation results in the systematic over and understatement of the ability of many states to raise revenue. In addition, the recent evidence suggests that per capita income has deteriorated as a measure of capacity.

Therefore, the Commission recommends that the federal government utilize a fiscal capacity index, such as the Representative Tax System measure, which more fully reflects the wide diversity of revenue sources which states currently use. * * *

Another problem with viewing income as a proxy for wealth is that it fails to consider differences in the cost of living which, as I said a moment ago, can be quite large. Residents of New York and Connecticut make more than do their neighbors in Mississippi and Alabama. But they need to spend more, too.

The other side of the equation is poverty. We have a national poverty threshold adjusted only by family size and composition. I think we would all agree if you just looked at the simple numbers, the richest people on Earth live in Alaska. Well, no, they do not. They have to pay so much more for

what they consume as against the persons in the lower 48, they are probably, relatively speaking, not as well off.

The point about the problem we are dealing with right now is that, for example, a family of four just above the poverty threshold living in New York City is demonstrably worse off than a family of four just below the threshold in rural Mississippi.

Each year for the last 19 years I put out a compilation of the flow of funds between the Federal Government and the 50 States entitled "The Federal Budget and the States." Here, I will display the report for you for the purposes of the Senate.

More recently, the Taubman Center for State and Local Government at the John F. Kennedy School at Harvard has begun computing the actual numbers. I write an introduction. They have come up with an index to subnational poverty statistics. That is, Professor Herman B. Leonard, who is academic dean of the teaching programs, and Baker Professor of Public Finance, and Monica Friar, who is his associate in this matter.

And we just look at the "Friar/Leonard State cost-of-living index," as it is known, we find that—again I use my own State because I have been working at it—New York's poverty rate jumps from the 18th highest in the Nation to the sixth highest. It is no longer the case of the Mississippi Delta. It is no longer the case that poverty is more prevalent in the high plains. It is no longer the case that it is Appalachia. The sixth highest poverty rate in the Nation is in New York State once you adjust for the cost of living, which is obviously what poverty is all about. What does it get you with what you have?

Earlier this year, a National Academy of Sciences [NAS] panel of experts released a congressionally commissioned study on redefining poverty. The study, edited by Constance F. Citro and Robert T. Michael, is entitled "Measuring Poverty: A New Approach." According to a Congressional Research Service review of the NAS report:

The NAS panel (one member among the 12 member panel dissented with the majority recommendations) makes several recommendations which, if fully adopted, could dramatically alter the way poverty in the U.S. is measured, how Federal funds are allotted to States, and how eligibility for many Federal programs is determined. The recommended poverty measure would be based on more items in the family budget, would take major noncash benefits and taxes into account, and would be adjusted for regional differences in living costs.

* * * Under the current measure the share of the poor population living in each region in 1992 was: Northeast: 16.9 percent, Midwest: 21.7 percent, South: 40.0 percent, and West: 21.4 percent. Under the proposed new measure, the estimated share in each region would be: Northeast: 18.9 percent, Midwest: 20.2 percent, South: 36.4 percent, and West: 24.5 percent.

But getting back to Hill-Burton, the fact is that this benefit formula, called

the Federal Medical Assistance Percentage, has always been designed to bring more Federal funds to Southern States than to Northern ones. And again, when we talk about these matters, we cannot seem to get past talk about per capita income as a measure of a State's relative capacity.

It is not, Madam President, as I showed just a moment ago. Per capita income disguises the large effects of cost of living.

Madam President, the point here is that we have a set of Federal outlays which have corresponded to two things. First, they have helped compensate States with low per capita income way in the back; 83 percent to Mississippi, but only 50 percent to California, the Federal match. But also, the outlays reflect State spending. And the States that would be injured in this matter are just those States who of their own choice have chosen to provide a higher level of provision for dependent mothers and children.

Per capita disparities exist in the block grant allocations because States are different—vastly different—in their willingness to spend their own money on their own poor people.

Now, if at the moment we end the Federal entitlement, turn this matter back to the States, where it had been indeed as a widow's pension in the early years, in the 1930's, going back to the Depression era, what we shall have done is penalize everything we would have thought to be admirable in American public life. And by admirable we would think of provision for children in a world in which they are so extraordinarily exposed to the dissolution of family and the onset of enormous levels of dependency such as were never seen in the 1930's and we now find ourselves baffled by and troubled by in the 1990's.

Let us take the analysis a bit further. ACIR does marvelous work and issues clearly written reports that too few of us in this Chamber read. Over the years, ACIR has developed and refined a really important index. They now have a measure of State revenue capacity and tax effort, without wishing to make any complaints of one kind or another. Here we go back to 1975, and we bring ourselves back up to 1991. And we look at New York. New York is the black dots. Its tax capacity goes down. And it goes up a bit, then comes down a bit. Just about average for the Nation. It was below average and now at 103. The State of Florida has stayed about average all along, and right now, 1991, its tax capacity is 103 too. The two States—New York and Florida—they are identical. They have the same per capita tax capacity.

But New York, with an older tradition, has a tax effort of 156 as against the national norm of 100. And Florida has a tax effort, rising a bit of late, nothing dramatic, just as we decline a bit, of 86. New York has twice the tax effort of Florida. It is a public choice. Some States will value public goods

more than private goods and others private goods more than public goods. Some have higher capacity. Some have less. But the disparities are nothing such as they were thought to be in years past. But if the Senator from Florida wants to know why there are State-by-State funding disparities under the block grant, he need look no further than this chart.

Now, under the logic of the amendment offered by the senior Senator from Florida, we will reward his State's behavior by giving it an additional \$1.7 billion over the next three years while we punish New York by taking away \$2.7 billion of its block grant; \$4.6 billion over the life of the bill.

The practical effect of the Graham amendment is to reallocate money from high tax effort States—States that are willing to spend their own resources on their own poor people—to low tax effort States—States that, for whatever reason, are not willing to make those investments. Even though most of the less generous States benefit from the Hill-Burton formula and States like New York do not. This certainly does not comport with my notion of Federalism.

I suppose the response is that we are talking about Federal funds. Well, why limit ourselves to a discussion of Federal welfare funds? Why not consider all other Federal funds? Perhaps we should block grant NASA spending and allocate the dollars to each State on a per capita basis. Perhaps we should block grant farm price supports. Perhaps, even, defense spending. Why not? Given the prevailing opinion regarding the competence of Washington, maybe New York would be better off if it were to receive block-granted defense funds allocated on a per capita basis. After all, I am sure that New Yorkers are more aware than distant DoD bureaucrats which points along our boundary with Canada are most susceptible to invasion.

Mr. President, I suggest that, in keeping with the spirit of the Graham amendment, we extend it to cover all Federal spending. Let us smooth out the disparities that exist in the per capita allocation of all Federal dollars. Now, if we consider all Federal spending, we discover that it amounts to \$5,095 per person in Florida. In New York, the total is a less munificent \$4,973. Perhaps the senior Senator from Florida would be amenable to an effort to reallocate some of the Federal funds that flow to his State so that the disadvantage New York suffers can be ameliorated.

Let us extend the analysis and consider not just spending received, but taxes paid, as well. Between fiscal years 1981 and 1994, on a cumulative basis, if New York's percentage share of allocable Federal spending had been equal to its share of taxes paid, the State would have received an additional \$142.3 billion. Florida, on the other hand, would have received \$38.5

billion less. I think notions of fairness and equity have been turned on their head here.

The same may be said for regions. In the Northeast you find a big imbalance, a shortfall in the balance of payments with the Federal Government. In the South you find a big surplus. In the Midwest, an even bigger shortfall than the Northeast. The greatest—Illinois now ranks 49th in its balance of payments with the Federal Government. The real concentration of balance of payments deficits is in that old Midwest industrial area. And the West is a benefactor, always has been, for a variety of reasons of which defense outlays are probably the most important. This is a zero-sum situation. Combining the regions, we find that the Northeast-Midwest balance of payments deficit totals \$690 billion. And that is the exact windfall the South and West have enjoyed over the past 14 years.

Mr. President, the senior Senator from Texas often refers to "people who pull the wagon" and "people who ride in the wagon." Well, we have States that pull the wagon and States that go along for the ride. Make no mistake. I am no fan of the block grant. But I must strenuously resist any attempt to raid my State of \$4.6 billion, to decrease an allocation derived in large measure from New York's willingness to "put its money where its mouth is," particularly when the "raiders" represent States that are unwilling to spend their own resources on their own poor people.

Mr. President, in June 1990, during consideration of the housing bill, the senior Senator from Texas—then the junior Senator—offered an amendment to reallocate community development block grants [CDBG's] on the basis of population. I said during the course of that debate, we put at risk the principle of federalism if we ever begin to insist on this floor that any activity which has a disproportionate impact on one State or region as against another cannot be accepted. This floor saw the terrible divisions on regionalism that led to the most awful trauma of our national existence, which we still have not overcome, still not put behind us—the Civil War.

There is a desk on this floor where a man was clubbed insensible, beaten insensible, over regional issues.

All our intelligence says: Respond to need and be thoughtful and be accommodating and try to see that there is some rough balance. I spoke earlier of our having documented the imbalance and that we live with it. So might my colleagues from Sunbelt States.

Mr. President, I was not sure this bill could get any worse. But after the votes on the Feinstein and Breaux amendments earlier today, it has. The race is on. We have dismantled the entitlement status of the AFDC program. States no longer have an incentive to spend their own money on their own poor. Now, we have no real requirement that they spend their own money, either.

The race to which I refer is the race to the bottom. An article in last Wednesday's Washington Post sums up nicely the brave new world we are about to enter. The article, by Barbara Vobejda, is entitled States Worry Generosity May Be Magnet for Welfare Migrants. Taxpayers and State legislators and Governors are determined to prevent their States from becoming welfare magnets. Set your benefits as low as possible to encourage current welfare recipients to move out and discourage welfare migrants from moving in.

The article reports that many welfare recipients now receive one-way bus tickets from their caseworkers out of the States in which they reside. Perhaps, under the proposed block grant, that will become the biggest welfare expenditure: one-way bus tickets out.

Mr. President, I find it interesting and revealing that those Members whose States spend the least on their own poor people clamor the loudest for a more "equitable" distribution of the Federal block grant and resist most vociferously any attempt to impose a serious State maintenance of effort.

In 1981, George Will wrote a column about the anti-Washington sentiment pervasive in public-land States in the West. He pointed out that residents of these States were the beneficiaries of considerable Federal largesse, particularly in the form of water and power subsidies. But these beneficiaries were budget cutters—somebody else's budget, that is—through and through. Borrowing a line from that eminent American historian Bernard DeVoto, he entitled his column Get Out and Give Us More Money. Does that line not wonderfully capture the mentality that has crossed the hundredth meridian heading East and has percolated up from the South? Get out and give us more money. That is the wretched state of debate on this wretched bill.

The Senator from Nevada is here, and the Senator from New York is on the other side. We have been alternating one side of the aisle to the other, although the different sides do not represent different views on this amendment. Mr. President, I yield to the Senator from Nevada.

I wonder if my friend from New York—I believe the Senator from Nevada has been here for an hour and a half and has a rather brief statement and then the Senator from New York, my distinguished friend, will follow.

Mr. D'AMATO. Sure.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Nevada.

Mr. BRYAN. Mr. President, let me preface my comments by thanking the ranking member for his courtesy in acknowledging that the Senator from Nevada has been on the floor and to acknowledge the courtesy of his colleague and our friend, the junior Senator from New York.

Mr. President, I ask unanimous consent that Senators Bob KERREY and

HOLLINGS be added as cosponsors to the Graham amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRYAN. Mr. President, I would like to preface my comments by commending my colleague and friend, the senior Senator from Florida, on what was truly a very thoughtful and very enlightening presentation, in terms of his efforts in developing the formula, the rationale and the cause for which he speaks, and that is to provide some sense of equity and fairness predicated on the basic proposition that children everywhere, irrespective of the States from which they come, are entitled to receive a fair and equitable allocation of Federal tax dollars providing for their benefit.

I enjoy, as I know all of my colleagues do, the erudition that is continually demonstrated on the floor by the senior Senator from New York in explaining the theoretical underpinning and the origin of this very complicated formula that we presently work with.

I say with great respect and deference to him that whatever the merit in its origin that formula may have had certainly can have no continuing validity when the very basis upon which we are changing the law converts an entitlement program to a block grant program that has a cap attached to it with a very, very minimal margin to accommodate the growth of States such as my own and others, whose Senators I am sure will speak in behalf of this amendment, of 2.5 percent a year.

So I come to the floor this evening to strongly endorse and to support the Graham amendment, the children's fair share allocation proposal. This amendment will, in my judgment, ensure a more equitable Federal funding formula based on the number of children in poverty in each State with a small State minimum. The bill before us severely penalizes high-growth States by relying on 1994 funding levels for fiscal year 1996 and into future years.

I make it clear at the outset, Mr. President, that there is no defender of the current welfare system. It serves neither the taxpayer nor the recipient. I want to identify myself as an advocate for change. The welfare system in America has failed and we ought to change it in rather substantial ways.

But in doing so, we should ensure that there is equity in allocating Federal funds to States—Nevada and others—that will have serious welfare problems compounded by the enactment of this piece of legislation.

The Republican welfare proposal uses a block grant approach as a replacement for the current system. As a former Governor, I very much understand the attraction of block grants for Governors in their States. Quite often, block grants can be a better approach. I, for one, as a former Governor, recognize that there are circumstances in which increased flexibility would have

been immensely helpful in dealing with the problems of my State, which may very well have differed from the problems of the State of the distinguished occupant of the chair and of the prime sponsor of this amendment, all of whom have served as chief executives of their respective States.

But the notion that somehow block grants are a utopian answer to every problem we have with the current welfare system is, in my opinion, disingenuous, and this is particularly true when high-growth States, such as my own, will be left with much, much less resources to deal with the problem of an expanding population.

If States are deprived of the funding necessary to do the job, all of the block grant flexibility in the world will not matter a single whit because States will not be able to do the job, let alone do it better.

Earlier this year, I joined with nearly 30 of my colleagues on both sides of the aisle in writing to the majority leader to request his support for a bipartisan effort to address the funding formula in an equitable way. Although the Dole bill includes Senator HUTCHISON's Federal funding formula proposal, it is still, in my judgment, a grossly inadequate approach which penalizes high-growth States.

The Republican leader's proposal hurts high-growth States like Nevada by capping Federal funding at the fiscal year 1994 level. High-growth States like Nevada will receive less funding at the very time that their population is exploding. Nevada is one of 19 States under the Dole-Hutchison Federal funding formula proposal which would be eligible to receive a very modest 2.5 percent annual adjustment to Federal funding in the second and subsequent years of the block grant authorization.

But, Mr. President, this adjustment does not come even remotely close to offsetting the damage caused to my State by reason of the fiscal year 1994 funding cap. Nevada is the fastest growing State in America. I invite my colleagues' attention to this chart. It is dramatic. Beyond the comprehension of those of us who have lived in Nevada, as I have, for more than a half a century, if you look at the preceding decade, 1984 to 1994, Nevada's population has grown by 59.1 percent.

If you look at the next fastest State in percentage of growth, that of Arizona, 33.7 percent. When I talk about the horrendous impact and consequences of this formula, I am not speaking in the abstract, I am speaking in the specific, and it will be devastating.

Nevada's population is projected to increase from 1995 to the year 2000 by nearly another 15 percent from approximately 1.47 million to approximately 1.69 million. Again, Nevada leads the Nation in projected population growth for the remaining years of this decade.

Nevada's AFDC caseload increased 8 percent from fiscal year 1993 to fiscal year 1994, the sixth highest increase in the country. The national average was only a 1.4 percent increase. And from fiscal year 1992 to 1994, Nevada's welfare expenditures increased by nearly

22 percent, the fourth highest increase in the country, compared to the national average of only 4 percent.

In the 5 years from 1989 to 1994, Nevada experienced a 35.7 percent increase in the number of children under the age of 18 years, the highest increase of any State in the country. Again, by comparison, the national average is 6.1 percent.

Under the Republican welfare proposal, fast growing States like Nevada will suffer a devastating impact. We cannot expect yesterday's funding levels are going to come anywhere near meeting the needs of Nevada citizens in the years ahead.

Under the Dole-Hutchison formula, Nevada would receive \$36 million in fiscal year 1996. Nevada is already in the year of its implementation behind its projected needs. For Nevada, a 2.5 percent growth increase over the preceding year's block grant does not come close to meeting its welfare assistance needs.

As a consequence, Nevada's State treasury and its taxpayers are placed at risk of having to increase the difference occasioned by the cap imposed in this formula.

The children's fair share plan funding formula takes into consideration the substantial population growth projections. It does this by allocating Federal funds to States, based very simply on the number of children who are in poverty in each State.

Mr. President, what could be more fair than to base the allocation on the number of children in poverty in each of the respective States?

Basing welfare allocations on the number of poor children served puts the emphasis on where the priorities should be in this welfare debate, and that is on vulnerable, impoverished children throughout this Nation, irrespective of where they may live.

Traditionally, the main goal of welfare cash assistance programs like AFDC has been to children who are impoverished, have a minimum standard of living. The need to meet that goal continues.

The National Center for Children in Poverty reports that children under the age of 6 living in poverty in America has increased in the 5-year period from 1987 to 1992 by 1 million—from 5 million to 6 million. In the 20-year period from 1972 to 1992, the number of our children living in poverty nearly doubled. This, Mr. President, is a most disturbing trend and one that shows little chance of abeyance.

None of us want poor children in this country to be unable to count on having a meal to eat and a place to sleep. If we cannot continue the current entitlement status for the cash assistance program, we must provide States sufficient funding on an equitable basis.

Nevada, each month, draws thousands of people from surrounding States who come hoping to find jobs. In my own hometown of Las Vegas, 6,000 to 7,000 people each month move into

the greater metropolitan area of Las Vegas. This population influx also brings a rapidly increasing number of children. Tragically and unfortunately, many of those children are children in poverty.

The 1995 Kids Count Data Book found that in 1992, Nevada had 6.4 percent of its children in extreme poverty, that they lived in families whose income was below 50 percent of the national poverty level. Additionally, 25 percent of Nevada's children lived in poor and near-poor families.

Rapid growth States, like Nevada, have always been hurt in receiving their appropriate share of Federal funds. Population increases and increases in Federal funds have rarely gone hand-in-hand because of many reasons. Maybe because the Federal Government was not efficient enough to make the sufficient adjustments.

But it is particularly unfair to hold a rapidly growing State, like Nevada, to its 1994 Federal funding level as a baseline for future welfare assistance funding. But this will happen, unless the Graham amendment is adopted.

Think about the absurdity, for a moment, of using population figures from 1994 as the baseline for all future welfare assistance funding increases. From day one, under the Dole bill, Nevada's children in poverty are punished. Under the Dole proposal, Nevada would receive \$36 million each year from 1996 through 1998. Under the children's fair share plan, Nevada could receive up to \$72 million a year. But understand that the basic overall amount spent on welfare is not the issue here. In my opinion, it is the formula used to allocate that amount.

States like New York and California do better under the Dole bill. Fast-growing States like Nevada are seriously damaged.

The Hutchison "dynamic growth" proposal serves Nevada children no better. Once again, Nevada would be held, in 1996, to its 1994 level of \$36 million. In 1997, Nevada would get \$1 million more for a total of \$37 million. In 1998, Nevada would get an additional \$1 million more, again for a total of \$38 million. Yes, it is a funding increase. No, it is not based on meeting Nevada's population growth nor its needs.

I genuinely want to achieve a fair and bipartisan solution to this critical issue. The children's fair share proposal, in my judgment, provides that solution. If your State has a high number of children in poverty, your State receives a higher amount of Federal funding. If your State has fewer children in poverty, your State receives a lesser amount of Federal funding. The Federal funding follows the need. What could be fairer than that?

Again, I urge my colleagues to think about the impoverished children in

America. Let us work together to ensure that those children, regardless of where they are living, are going to be provided adequate care on an equal basis. They depend upon us to care for them. We must not let them down.

Mr. President, I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, we have had an excellent debate. I know my colleague from New York wishes to address this amendment, as well.

I wish to compliment the parties on both sides of this debate. I think it has been an excellent debate. I note that my friend and colleague from New Mexico is here. He has an amendment. The majority leader has indicated to us that he would like to dispose of that tonight. My guess is that it is a very important amendment dealing with family caps. We will have some good debate on that, as well.

I urge my colleagues to try and conclude debate on the Graham-Bumpers amendment as soon as possible so we can go on to debate the Domenici amendment.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. D'AMATO. Mr. President, I rise to oppose this amendment. I rise to oppose it on a number of grounds and bases.

First of all, Mr. President, I support welfare reform. We need welfare reform. We need sweeping reform. We need workfare. But reform cannot come solely at the expense of New York, or New York and California, or at the expense of New York, California, and Pennsylvania, or at the expense of any of those to whom this amendment does grievous harm. We are not just talking about States; we are talking about harm to the families, to the children that this amendment will devastate.

This amendment is not about reform. It is not about welfare formulas that make sense. It is about taking money from poor children in certain States. In many cases, these are the States that have done the most to help poor people. And now to penalize them as a result of that and to shift those dollars, without regard to the level of resources the States are willing to commit on their own, but simply to say that we are going to grab more money, we are going to enrich certain States. That's wrong and unacceptable. I am going to point out specifically some of those areas that cause concern.

We have tried to be fair in accommodating the concerns of the Senator from Florida. This bill contains an \$877 million supplemental growth formula that will benefit Florida and 18 other States anticipating population growth over the life of this bill. And that is fair and that is reasonable. They are going to have additional growth. Let us take care of that.

Under the Dole-Hutchison formula, the State of Florida will receive \$150

million more, over the next 5 years, than they would have received under the Finance Committee's initial proposal. But let me tell you, the amendment that is before us now, the amendment of the Senator from Florida, is fundamentally unfair. Let me tell you what the real impact of this amendment would be.

No. 1, the amendment would reallocate more than \$2 billion from 14 States; 14 States would lose \$2 billion, causing a half-million families to lose welfare benefits. That is not welfare reform. If we want to kill any chance of welfare reform, then adopt this amendment. Indeed maybe that is the basis and the genesis of this amendment—to kill reform. New York would lose \$749 million in fiscal year 1996 alone. Let me tell you what it would be over 5 years, Mr. President: \$4.5 billion.

That is just simply wrong. It is mean spirited, and we have not even accounted for the State of California. They have people. They have children. They have needs. They have been meeting those needs.

The loss there would be well over \$5 billion. Those two States alone, 20 million people in New York and 30 million in California—50 million people—would account for three-quarters of the funds that were redistributed.

That is not what welfare reform should be about. Fairness, yes. But not this kind of attempt to enrich oneself at the expense of others. That is not what this country is about.

When there is a disaster, we all pitch in. We do not say, "What is the population of your State?" We are there. If there is an earthquake, a fire, floods, devastation, we are there.

If it costs \$6 billion, \$8 billion, \$9 billion to help the State of California, we do it. If it cost \$4 billion or \$5 billion to help a State, and the State was Florida, we were there. The Senators from New York did not say, "Well we did not get that portion. We did not get that kind of disaster relief."

That is what Federalism is about. I did not think it was about looking at how we can enrich certain states, and then throwing in a bunch of additional States so that we can get votes. That is what this bill is about. There are more than a dozen States, 15 I believe, that are rewarded arbitrarily—nothing to do with need per se; just worked into the formula so we can get more money to get more votes. Supposedly this way we will get 30 votes because we have given each of these 15 States more money.

Is that the way we will run this country? Is that what this legislative body has become?

By the way, I have seen these kinds of amendments in the past. They are wrong. I do not care whether they come from the Republican side or the Democratic side.

Today, there was an amendment offered by one of my colleagues. It could have given New York more money. I voted against it. It would have disadvantaged other States.

This is not about trying to be one up on somebody else. That may not be what is intended, but that is what this amendment is. It is one-upmanship.

We can play that role. It does not take a great genius to figure out a formula, and we could come up with such a formula, that would enrich maybe 33 States and disadvantage some others. I do not think that is what we want to be about—arbitrarily rewarding some States.

Let me just make several points, and I am not going to take a great deal more time, but I am going to say if one were to look at this chart which comes from the incredible work of the Northeast-Midwest Coalition, under the stewardship of the senior Senator from New York, Senator MOYNIHAN, who for years and years and years has been a leader in talking about inequities affecting our region. Want to see some inequities? I will show you an inequity. If we want to look at what tax efforts are and take a look at the Northeast and Midwest from 1981 to 1994 over a 14-year period of time, you will see there is a \$690 billion inequity relating to Federal allocable dollars spent in our region.

If we want to change things around, if we want to get into who gets more money, then look at the tax efforts, look at the taxes paid by our respective citizens and our respective States and the amount of money that we get back. We would be pretty well enriched.

Let me tell you again, in this work, Senator MOYNIHAN has been a pioneer in this effort. He has talked about this issue over the years, but it bears repetition right here.

If we are going to get into the business of crafting formulas to enrich our particular State, fine. But it is a nasty business, and it destroys what Federalism is about.

Why, then, we think we have an argument. Between fiscal year 1981 and 1994 on a cumulative basis, if New York's percentage of fair, allocable Federal spending is equal to the Federal share of taxes paid, the State of New York would have received an additional \$142 billion. Where is our money? We want \$142 billion.

I did not know we were going to get into this business of saying, "Oh, no, we sent \$142 billion down, more than what we got back." That is what this kind of amendment is doing. It is mischief-making.

Take a look at the State of Florida. On the other hand, if we had said, "You get as much as you put in," the State of Florida would have received \$38.5 billion less. In other words, it has done better. It got \$38.5 billion more than it sent down to Washington.

Not bad. But now we are going to find a way to get more money for the State of Florida. Where do we take it from? We take it from New York, its taxpayers and, more importantly, the poor kids, the poor children, the poor families. That is absolutely wrong. It is not acceptable.

Now, as I have said, we want meaningful welfare reform. And, by the way, reasonable people can disagree on the basis of reform. My distinguished colleague and I agree that there has to be welfare reform. We may not agree on every part of this, but I tell you one thing: We all recognize when formulas or propositions—whether they come from the Republican side or the Democratic side—are basically not fair.

You do not just enrich States so that you can get Senators from those States, so you can say, "Look, under my formula I will get the \$20 million a year more with no rational basis."

By the way, that is another concern, and I will speak to that when I get 2 minutes tomorrow morning, whereby if you have an 80 percent maintenance of effort, and if the Graham amendment were enacted, New York would be forced to contribute \$500 million in welfare spending than would get in its grant from the Federal Government. Incredible.

We had better protect our citizens. If there are areas where the formulas are inequitable and we can make them work better, we should attempt to do that, and we have attempted to do that. But we should not get into the business of advancing one's own interest for one's own State at the expense of another. I do not think that is what we should be about. I do not think that is what this debate should be about.

I have to say there is a tremendous imbalance here, \$690 billion over 14 years, if we look at how much our region paid and how much it got back.

I want to thank my senior colleague and Senator, the distinguished Senator from New York, Senator MOYNIHAN, who has made possible the gathering of so much of this information that we could present tonight.

Mr. DOMENICI. Would the Senator from New York yield for a clarification.

Mr. D'AMATO. Certainly.

Mr. DOMENICI. You mentioned under the 80 percent maintenance of effort, New York would lose \$500 million.

I think what you meant, Senator, was if this amendment passes.

Mr. D'AMATO. Exactly. I thank my colleague.

Under this amendment, if this amendment were adopted—the irony would be that it would wind up that we would have to spend \$1.84 billion and we would only be getting \$1.32 billion from the Federal side. In other words, New York would have to contribute roughly \$500 million more it would receive from the Federal Government if Senator GRAHAM's amendment were to pass.

It would be devastating. We are not talking about devastating to a State, or to some organization, some institution. We are talking about over 300,000 families that would be impacted—people, live human beings, who, in most cases, would have tremendous problems.

We are trying to find out how to mainstream them. Mainstreaming is

one thing. Workfare is one thing, and I support it wholeheartedly. But to impose a radical reallocation of dollars that will deny shelter or a meal to people in my state is not what welfare reform should be about.

Again, I want to thank Senator DOMENICI for pointing out what this impact of this amendment would be, and I certainly want to add my support to the efforts of Senator MOYNIHAN, my distinguished colleague, the senior Senator from New York, in his opposition, to this amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, may I simply thank my distinguished friend and colleague for the forcefulness with which he has made an unmistakably accurate point.

I thank him for his generous personal references.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I thank both our colleagues from New York for their statements. I note the Senator from Florida, Senator GRAHAM, wishes to make a statement. I will just mention to my colleague, Senator DOMENICI, has an important amendment he is prepared to discuss. And we have several other amendments we are supposed to, basically, debate tonight and hopefully have for consideration and vote tomorrow.

So it is my hope we can conclude Senator GRAHAM's debate with this amendment, take up Senator DOMENICI's amendment, and then I know Senator DASCHLE has two amendments, Senator DEWINE has an amendment, Senator MIKULSKI, Senator FAIRCLOTH, and Senator BOXER, that we would also like discuss this evening and have ready for a vote tomorrow.

We still have a lot of work to do tonight and it is my hope maybe we can move forward with this debate as expeditiously as possible.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, if no one seeks recognition to speak on the amendment, I would like to make a few comments in closing, recognizing that there is some time reserved tomorrow morning for final comments on this matter.

My comments this evening will be, first, to express my appreciation to all of the Senators who have participated in the debate on this amendment on both sides of the aisle and on both sides of this issue. I recognize that, whenever you are attempting to allocate not only a zero sum, a fixed amount of money, but what actually is a declining amount of money because of the decision to freeze 1994 allocations in place until the year 2000 with no adjustment for inflation, no adjustment for demographic changes, no adjustment for economic changes, you are dealing with, effectively, a declining amount of dollars to attempt to allo-

cate. That makes the issues of fairness even more difficult, but I suggest even more urgent.

I would like to respond to some of the comments that were made. Before doing so, Mr. President, I send to the desk a series of tables and other materials which were referenced in my comments, or comments of Senator BUMPERS or Senator BRYAN, in behalf of this amendment. I ask unanimous consent they be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRAHAM. Mr. President, the junior Senator from New York, Senator D'AMATO, said he opposed this amendment because it had no relationship to need, that it was arbitrary and capricious. That is exactly the point. What is more related to need than to allocate funds for poor children based on where poor children are in the year you are going to distribute the money?

What this amendment states is that the fundamental basis for allocating funds will be where poor children are in the year of distribution. If the State of Missouri represents 3 percent of the poor children in America in 1996, it will get 3 percent of the money. If it represents 2.9 percent of the poor children in 1997, it will get 2.9 percent of the money. That, to me, is a principle which is fundamentally as fair and straightforward as the reputation is of Missouri for a State that wants you to "show me" why you are proposing to do what you are proposing to do.

There has been a theme through some of the comments that have been made that we are holding the world constant, and therefore we can continue to hold constant the way in which we have distributed money in the past for the support of poor children. The fact is, we are engaged in reform—some people would say in revolution—of the welfare system. Could it be more paradoxical that we are fundamentally changing the objectives of the system, the structure and administration of the system, the relationship of the States, the Federal Government, and the individuals affected, yet we are going to continue to distribute the Federal money, 99 percent of it, based on the old allocation formula? I think that belies our real commitment to reform.

What are some of the changes in this revolution in welfare? Those changes include massive new mandates to the States to undertake job training and preparation, including placement services where necessary, transportation services, and child care services for those persons who are trying to collect up the necessary personal capabilities to become independent, employed persons in our society.

Those mandates have very serious implications to the States. The State of Texas is going to have to spend 84 percent of the Federal money that it will receive under this program in

order to meet those mandates. Yet we are going to continue to distribute money to the State of Texas as if those mandates did not exist because, in fact, those mandates did not exist when this basis of allocation of funds was developed.

We are going to distribute, over the next 5 years, \$85 billion of Federal money—this is not State money, this is not money to which any locality has a particular claim, this is money that belonged to all the people of the United States and is paid by all the people of the United States—we are going to distribute \$85 billion to a status quo program, how things were in 1994. We are going to distribute a shade less than \$900 million based on a formula which will commence 3 years from now, that will provide an increase to a handful of States based on growth and extreme poverty in terms of how far they fall below the national average in their support for poor children.

It has been suggested that there is an unfairness in this adjustment, that we are overly imposing on some States. Let me just look at this chart. The garnet bar represents what is in the amendment that is the basis of this legislation, the Dole proposal. The gold bar represents the modification in funding if the Graham-Bumpers amendment were adopted. Let us just look at New York and Arkansas. Under the Dole bill, New York will receive over \$2,000 per poor child in 1996—over \$2,000. Arkansas will receive less than \$400 per poor child.

If this amendment, that has been described as overreaching and unfair, is adopted, what will happen? What will happen is that in 1996, New York will have approximately \$1,400 for every poor child, and Arkansas, that egregious, greedy State of Arkansas, will jump up to approximately \$550 per poor child. That is what happens when greed takes over the system and Arkansas begins to move somewhat toward parity.

It will take another 3 years before Arkansas finally reaches New York in parity. Under the proposal that is in the current bill, it will take Arkansas 177 years—177 years before Arkansas would be in parity with New York, under the bill as proposed by the ma-

jority leader. Yet we are being accused of being overreaching.

It has been suggested that our amendment is inappropriate because of the maintenance of effort provision that was in this bill. When we wrote this amendment there was zero maintenance of effort in this bill. The maintenance of effort—that is what will be required of States in order to be eligible to participate—has been a work-in-progress over the last several weeks.

We submit this, what we think is the fundamentally appropriate manner in which to allocate \$85 billion of Federal funds over the next 5 years for poor children, which is the radical idea. Let us put the money where the poor children are. When the Senate in its wisdom adopts this amendment, then we will come back and look at the issue of what that says in terms of appropriate modifications to a maintenance-of-effort provision.

It has been suggested that there is some Machiavellian plot here, that we are trying to defeat welfare reform. I want to state in the strongest possible terms that I am a strong supporter of welfare reform. My State has two of the most successful welfare work projects in the country.

I spent a day recently working at the project in Pensacola which has put almost 600 people into productive work, which will have half of the welfare population of Pensacola involved in a transition program in the next few months, which already has approximately 25 to 30 percent involved, is serious about the business, and has learned what it is going to take in order to be successful.

So I take second place to no one in my commitment to seeing that there is real welfare reform. But I would suggest that, first, in terms of what is in the interest of the vast number of States in America as seen on this map where all of the States in yellow will be better equipped to meet their responsibilities when the money is distributed based on where poor children are, that we have a better chance of achieving real welfare reform under that allocation of funds than under one which continues to impoverish a large number of States in America.

I believe that on this Senate floor it is going to be difficult—it must be difficult for many Senators who are here

tonight; they can read the charts; they know what the implications of this are to their State—to vote for a bill, even one which has many provisions that they support which contains at its heart, at its core, such a cancerous unfairness in terms of how the Federal money will be distributed in terms of where the poor children, the poor children in their State, the poor children in America, live.

Finally, in terms of, is this a plot to sink welfare reform? In my judgment, this is not the plot. The plot is there, Mr. President. It is there in the bill as authored by the majority leader. And it is there because there are not the resources available in that formula, in that bill, in order to meet the objective of having 25 percent of the welfare beneficiaries in meaningful employment in 1996 and 50 percent in meaningful employment in the year 2000.

That is not Senator GRAHAM's assessment. That is, among others, the assessment of the Congressional Budget Office, which has estimated that upwards of 40-plus States will not be able to meet the work requirements in the legislation offered by the majority leader, in large part because they do not have the resources to pay for those things that will be necessary to prepare people for work, including the appropriate child care for their dependent children while they are preparing themselves to work and during those initial weeks of employment.

So there may be a plot here to sink welfare reform and to show that, in fact, it is unattainable, but that plot is contained in the legislation which is the underlying proposal of the majority leader, not in this proposal, which in fact would give all States an equal opportunity to use their creativity, imagination, and unleash what the presiding officer as a former Governor and I as a former Governor know to be the energy of States to meet a very serious national problem at the local level.

So, Mr. President, I urge the close attention of all of my colleagues to the implication of this amendment and urge tomorrow, when this is before us for a vote, their favorable consideration.

Thank you, Mr. President.

STATE-BY-STATE WELFARE ALLOCATIONS

Senate Finance Committee Compared with Dole Work Opportunity Act and Graham/Bumpers Children's Fair Share (fiscal years in millions of dollars)

State	Senate Finance— 1996–1998	Dole Work Opportunity Act			Graham/Bumpers children's fair share		
		1996	1997	1998	1996	1997	1998
Alabama	107	107	110	112	160	240	258
Alaska	66	66	66	66	100	100	100
Arizona	230	230	236	242	256	256	256
Arkansas	60	60	61	63	90	135	150
California	3,686	3,686	3,686	3,686	2,881	2,565	2,495
Colorado	131	131	134	137	149	149	149
Connecticut	247	247	247	247	200	179	174
Delaware	30	30	30	30	60	60	60
District of Columbia	96	96	96	96	100	100	100
Florida	582	582	596	611	873	997	997
Georgia	359	359	368	377	450	450	450
Hawaii	95	95	95	95	100	100	100
Idaho	34	34	34	35	67	69	69
Illinois	583	583	583	583	780	780	780
Indiana	227	227	227	227	316	316	316
Iowa	134	134	134	134	121	110	107
Kansas	112	112	112	112	132	132	132
Kentucky	188	188	188	188	283	294	294

STATE-BY-STATE WELFARE ALLOCATIONS—Continued

Senate Finance Committee Compared with Dole Work Opportunity Act and Graham/Bumpers Children's Fair Share (fiscal years in millions of dollars)

State	Senate Finance 1996–1998	Dole Work Opportunity Act			Graham/Bumpers children's fair share		
		1996	1997	1998	1996	1997	1998
Louisiana	164	164	168	172	246	369	403
Maine	76	76	76	76	100	100	100
Maryland	247	247	247	247	218	198	193
Massachusetts	487	487	487	487	311	269	260
Michigan	807	807	807	807	739	669	654
Minnesota	287	287	287	287	265	240	235
Mississippi	87	87	89	91	131	196	224
Missouri	233	233	233	233	309	309	309
Montana	45	45	46	47	90	90	90
Nebraska	60	60	60	60	100	100	100
Nevada	36	36	37	38	72	72	72
New Hampshire	43	43	43	43	85	85	85
New Jersey	417	417	417	417	404	368	360
New Mexico	130	130	133	136	143	143	143
New York	2,308	2,308	2,308	2,308	1,559	1,361	1,317
North Carolina	348	348	357	365	394	394	394
North Dakota	26	26	26	26	52	52	52
Ohio	769	769	769	769	738	672	657
Oklahoma	166	166	166	166	246	246	246
Oregon	183	183	183	183	168	152	149
Pennsylvania	658	658	658	658	652	595	583
Rhode Island	93	93	93	93	100	100	100
South Carolina	103	103	106	109	155	232	253
South Dakota	23	23	24	24	46	46	46
Tennessee	206	206	211	216	309	348	348
Texas	507	507	520	533	761	1,141	1,232
Utah	84	86	88	88	105	105	105
Vermont	49	49	49	49	99	99	99
Virginia	175	175	180	184	242	242	242
Washington	432	432	432	432	260	223	215
West Virginia	119	119	119	119	150	150	150
Wisconsin	335	335	335	335	280	251	245
Wyoming	23	23	24	24	47	47	47
United States	16,696	16,696	16,781	16,869	16,696	16,696	16,696

STATE WELFARE ALLOCATION PER CHILD IN POVERTY

Senate Finance Committee Compared with Dole Work Opportunity Act and Graham/Bumpers Children's Fair Share (dollars per child in poverty per fiscal year)

State	Senate Finance 1996–1998	Dole work opportunity act			Graham/Bumpers children's fair share		
		1996	1997	1998	1996	1997	1998
Alabama	408	408	418	429	612	919	988
Alaska	3,248	3,248	3,248	3,248	4,903	4,903	4,903
Arizona	1,045	1,045	1,072	1,098	1,162	1,162	1,162
Arkansas	375	375	384	394	563	844	934
California	1,716	1,716	1,716	1,716	1,341	1,194	1,162
Colorado	1,019	1,019	1,045	1,071	1,162	1,162	1,162
Connecticut	1,650	1,650	1,650	1,650	1,335	1,192	1,162
Delaware	590	590	590	590	1,181	1,181	1,181
District of Columbia	4,222	4,222	4,222	4,222	4,411	4,411	4,411
Florida	678	678	695	713	1,017	1,162	1,162
Georgia	927	927	950	973	1,162	1,162	1,162
Hawaii	2,135	2,135	2,135	2,135	2,252	2,252	2,252
Idaho	564	564	578	592	1,128	1,154	1,154
Illinois	869	869	869	869	1,162	1,162	1,162
Indiana	834	834	834	834	1,162	1,162	1,162
Iowa	1,459	1,459	1,459	1,459	1,314	1,189	1,162
Kansas	981	981	981	981	1,162	1,162	1,162
Kentucky	745	745	745	745	1,117	1,162	1,162
Louisiana	390	390	400	410	586	878	959
Maine	1,193	1,193	1,193	1,193	1,566	1,566	1,566
Maryland	1,490	1,490	1,490	1,490	1,318	1,189	1,162
Massachusetts	2,177	2,177	2,177	2,177	1,390	1,202	1,162
Michigan	1,432	1,432	1,432	1,432	1,312	1,188	1,162
Minnesota	1,419	1,419	1,419	1,419	1,310	1,188	1,162
Mississippi	331	331	340	348	497	746	852
Missouri	873	873	873	873	1,162	1,162	1,162
Montana	1,015	1,015	1,040	1,066	2,030	2,030	2,030
Nebraska	895	895	895	895	1,485	1,485	1,485
Nevada	671	671	688	705	1,342	1,342	1,342
New Hampshire	1,430	1,430	1,430	1,430	2,860	2,860	2,860
New Jersey	1,345	1,345	1,345	1,345	1,303	1,187	1,162
New Mexico	1,053	1,053	1,079	1,106	1,162	1,162	1,162
New York	2,036	2,036	2,036	2,036	1,375	1,200	1,162
North Carolina	1,026	1,026	1,052	1,078	1,162	1,162	1,162
North Dakota	1,027	1,027	1,027	1,027	2,054	2,054	2,054
Ohio	1,360	1,360	1,360	1,360	1,304	1,187	1,162
Oklahoma	785	785	785	785	1,162	1,162	1,162
Oregon	1,428	1,428	1,428	1,428	1,311	1,188	1,162
Pennsylvania	1,312	1,312	1,312	1,312	1,299	1,186	1,162
Rhode Island	2,244	2,244	2,244	2,244	2,427	2,427	2,427
South Carolina	393	393	403	413	590	885	964
South Dakota	691	691	708	726	1,381	1,381	1,381
Tennessee	688	688	705	723	1,032	1,162	1,162
Texas	405	405	415	425	607	911	982
Utah	924	924	947	971	1,162	1,162	1,162
Vermont	2,275	2,275	2,275	2,275	4,550	4,550	4,550
Virginia	840	840	861	883	1,162	1,162	1,162
Washington	2,340	2,340	2,340	2,340	1,407	1,205	1,162
West Virginia	920	920	920	920	1,162	1,162	1,162
Wisconsin	1,589	1,589	1,589	1,589	1,328	1,191	1,162
Wyoming	1,261	1,261	1,292	1,325	2,522	2,522	2,522
United States	1,162	1,162	1,168	1,173	1,162	1,162	1,162

SENATE FINANCE COMMITTEE PROPOSAL WITH DYNAMIC GROWTH FORMULA ANALYSIS OF HOW LONG IT WILL TAKE FOR PARITY

State	Years it would take to reach national average at 2.5% per year	Years it would take for State to get to New York's level of funding at 2.5% per year	Years it would take for State to get to Pennsylvania's level of funding at 2.5% per year
Alabama	74	159	89
Arizona	4	38	10
Arkansas	84	177	100
Colorado	6	40	11
Delaware	39	98	49
Florida	29	80	37
Georgia	10	48	17
Idaho	42	104	53
Illinois	13	54	20
Indiana	16	58	23

SENATE FINANCE COMMITTEE PROPOSAL WITH DYNAMIC GROWTH FORMULA ANALYSIS OF HOW LONG IT WILL TAKE FOR PARITY—Continued

State	Years it would take to reach national average at 2.5% per year	Years it would take for State to get to New York's level of funding at 2.5% per year	Years it would take for State to get to Pennsylvania's level of funding at 2.5% per year
Kansas	7	43	14
Kentucky	22	69	30
Louisiana	79	169	94
Mississippi	100	206	118
Missouri	13	53	20
Montana	6	40	12
Nebraska	12	51	19
Nevada	29	81	38
New Mexico	4	37	10
North Carolina	5	39	11

SENATE FINANCE COMMITTEE PROPOSAL WITH DYNAMIC GROWTH FORMULA ANALYSIS OF HOW LONG IT WILL TAKE FOR PARITY—Continued

State	Years it would take to reach national average at 2.5% per year	Years it would take for State to get to New York's level of funding at 2.5% per year	Years it would take for State to get to Pennsylvania's level of funding at 2.5% per year
North Dakota	5	39	11
Oklahoma	19	64	27
South Carolina	78	167	93
South Dakota	27	78	36
Tennessee	28	78	36
Texas	75	161	90
Utah	10	48	17
Virginia	15	57	22
West Virginia	11	49	17

TABLE 2.—THE ADDITIONAL COST OF THE WORK PROGRAM AND ASSOCIATED CHILD CARE UNDER THE AMENDED SENATE REPUBLICAN LEADERSHIP PLAN (ASSUMING THE NATIONAL AVERAGE COST PER WORK PARTICIPANT AND ASSOCIATED CHILD CARE SLOT IN FISCAL YEAR 2000)

[In millions of dollars]

	Estimated additional operating cost of the work program to meet FY 2000 participation rate required in the Senate Republican leadership plan	Estimated additional cost for related child care in the FY 2000 Senate Republican leadership plan	Estimated additional operating cost of the work program plus related child care in the FY 2000 Senate Republican leadership plan	Estimated total operating cost of the work program and related child care in the FY 2000 as a percent of the block grant	Estimated additional operating cost of the work program plus related child care FY 1996–2002 Senate Republican leadership plan
Alabama	\$16	\$27	\$43	59	\$140
Alaska	5	9	15	36	47
Arizona	26	46	72	46	231
Arkansas	9	15	24	59	78
California	328	566	894	39	2,827
Colorado	16	28	45	50	144
Connecticut	24	42	66	43	213
Delaware	4	7	11	58	35
District of Columbia	10	18	29	48	90
Florida	92	159	252	63	816
Georgia	53	92	145	59	467
Hawaii	9	15	24	40	75
Idaho	3	6	9	41	29
Illinois	96	167	263	73	843
Indiana	29	51	80	57	257
Iowa	16	27	43	52	138
Kansas	12	21	33	48	105
Kentucky	30	52	82	70	266
Louisiana	31	54	85	82	276
Maine	10	17	27	57	87
Maryland	32	55	86	56	276
Massachusetts	45	77	122	40	395
Michigan	94	162	255	51	823
Minnesota	26	45	71	40	230
Mississippi	19	33	53	88	173
Missouri	37	64	101	70	323
Montana	5	9	14	45	44
Nebraska	5	9	15	39	48
Nevada	5	8	13	54	43
New Hampshire	5	8	13	48	41
New Jersey	48	82	130	50	417
New Mexico	13	23	36	40	115
New York	182	315	497	35	1,590
North Carolina	49	84	133	56	428
North Dakota	3	4	7	43	22
Ohio	96	165	261	55	845
Oklahoma	19	32	51	50	164
Oregon	16	27	43	38	140
Pennsylvania	86	148	234	57	750
Rhode Island	9	16	26	45	82
South Carolina	17	29	46	65	150
South Dakota	3	4	7	46	22
Tennessee	42	73	115	82	370
Texas	107	184	291	84	930
Utah	7	12	19	33	62
Vermont	4	7	11	37	37
Virginia	27	47	74	62	237
Washington	41	70	111	41	355
West Virginia	16	28	45	61	143
Wisconsin	29	51	80	39	260
Wyoming	2	4	6	40	21
Total	1,911	3,300	5,211	49	16,700

HHS/ASPE analysis. State work and child care costs are based on national averages. This analysis assumes that there will be no operating cost in the work program for those combining work and welfare, those sanctioned and those leaving welfare for work. Likewise, the analysis assumes no cost of related child care for those leaving welfare for work and those sanctioned.

GRAHAM-BUMPERS CHILDREN'S FAIR SHARE AMENDMENT

Principles: A formula based on fairness should be guided by the following principles:

(1) Block grant funding should reflect need or the number of persons in the individual states who need assistance;

(2) A state's access to federal funding should increase if the number of people in need of assistance increases;

(3) States should not be permanently disadvantaged based upon their policy choices and circumstances in 1994; and

(4) If requirements and penalties are to be imposed on states, fairness dictates that all states have an equitable and reasonable chance of reaching those goals.

S. 1120 fails to meet each and every test of fairness.

GRAHAM-BUMPERS CHILDREN'S FAIR SHARE PROPOSAL

The Graham-Bumpers Children's Fair Share proposal allocates funding based on the number of poor children in each state. In sharp contrast to S. 1120, the Graham-Bumpers amendment meets all the principles of an

improved and much more equitable formula allocation.

The amendments is needs-based, adjusts for population and demographic changes, treats all poor children equitably, does not permanently disadvantage states based on previous year's spending in a system that is being dismantled, and allows all states a more equitable chance at achieving the work requirements in S. 1120. The Graham-Bumpers Children's Fair Share measure would establish a fair, equitable and level playing field for poor children in America, regardless of where they live.

Disparities in funding would be narrowed in the short-run and eliminated over time—in sharp contrast to S. 1120.

Children's Fair Share Allocation Formula: The Children's Fair Share formula would allocate funding based on a three-year average of the number of children in poverty. This information would come from the Bureau of the Census in its annual estimate through sampling data. With the latest data available, the Secretary would determine the state-by-state allocations and publish the data in the Federal Register on January 15 of every year.

Small State Minimum Allocation: For any State whose allocation was less than 0.6%, the minimum allocation would be set at the lesser of 0.6% of the total allocation or twice the actual FY 1994 expenditure level.

Allocation Increase Ceiling: For all states except those covered by the small state minimum allocation, the amount of the allocation would be restricted to increase not more than 50% over FY 1994 expenditure levels in the first year and to 50% increases for every subsequent year.

Final Adjustment to Minimize Adverse Impact: The savings from the "allocation increase ceiling" would exceed that for "small state minimum allocation". The net effect of these adjustments would be reallocated among the states who receive less than their FY 1994 actual expenditures.

Implications for the Medicaid Debate: The importance of a fair funding formula to states cannot be overstated.

With similar proposals to change the Medicaid program expected later this year, how these block grants are allocated among the states is absolutely critical. More than four out of every 10 dollars that Washington sends to state governments are Medicaid dollars. Medicaid is nearly five times bigger than the federal role in welfare: \$81 billion a year versus \$17 billion. If Congress "reforms" welfare by locking in past spending patterns and inequities, that would set a dangerous precedent for Medicaid.

THE UNFAIRNESS AND INEQUITY CAUSED BY THE S. 1120 FORMULA

Under S. 1120, most states will receive a block grant amount frozen at fiscal year 1994 levels through fiscal year 2000. Past inequities would be locked into place and future demographic or economic changes would not be adjusted for by S. 1120's funding formula.

A small number of states would qualify for an extremely limited 2.5% annual adjustment in the second and subsequent years of the block grant authorization. To qualify, states must meet either of two tests:

Federal spending per poor person in the state must be below the national average and population growth in the state is above the national average; or,

Federal spending per poor person in the state in fiscal year 1994 is below 35% of the national average.

S. 1120 Exacerbates and Makes Permanent Enormous Disparities: A formula based largely on shares of 1994 federal spending would result in large disparities between states in federal funding per poor child. For example, under S. 1120, Mississippi would receive \$331 per poor child per year while New York would receive \$2,036 or over six times more per poor child than Mississippi. Massachusetts would receive \$2,177 or at least five times more per poor child than the states of Alabama, Arkansas, Louisiana, South Carolina and Texas. There is no justification for poor children to be treated with less or more value by the federal government.

Proponents of the bill will argue that some states will qualify for 2.5% annual adjustments to address this disparity. However, the bill fails to provide aid to nine states

(Kentucky, Oklahoma, Indiana, Illinois, Missouri, Nebraska, West Virginia, Kansas and North Dakota) with below average federal funding per poor child.

Moreover, even for those who do qualify, the adjustment is glacial and may fail to ever achieve parity. For example, it is estimated that it will take Mississippi over 50 years to reach parity.

No Policy Justification: There is no justification for allocating future federal funds based on 1994 state spending. The needs of states in the future, both in terms of demographic and economic changes, will have no bearing on spending in 1994. States should not be permanently disadvantaged based upon their policy choices and circumstances in 1994.

Penalizes Efficiency: Basing all future funding on 1994 spending locks in historical inequities and inefficiencies. In 1994, the national average monthly administrative expense per case was \$53.42, but New York and New Jersey had costs, respectively, of \$106.68 and \$105.26, almost eight times as high as West Virginia's cost of \$13.34. Those states with higher administrative costs in fiscal year 1994 would receive block grant amounts reflecting their higher fiscal year 1994 costs for the next five years.

Fails to Account for Population Growth: Initial disparities would be further exacerbated by different rates of population growth. Between 1995-2000, ten states are projected to grow at least 8% while eight are projected to grow less than 1% or experience a population decline. Among the 25 states projected to have higher population growth, 17 would receive initial allocations below the national average.

The initial disparities locked in by the Dole approach would actually intensify as a result of these different rates of anticipated population growth through the end of the decade.

Proponents of the bill will argue that some states will qualify for 2.5% annual adjustments to address this disparity. However, the bill fails to provide six states (Washington, Alaska, Hawaii, Oregon, California and Delaware) with projected above-average population growth with aid.

Loser States Double Disadvantaged: States that receive less than their fair share of funding per poor child are the least likely to meet the work requirements under S. 1120, which leads to further funding sanctions. The additional cost of the work program and associated child care in S. 1120 would take up virtually all of the funding for those receiving less than the national average funding per poor child.

The additional costs to Mississippi, Louisiana, Tennessee and Texas are estimated to exceed 80% of federal funding to those states in the year 2000 compared to less than 40% of the cost in states such as California and New York, Oregon and Wisconsin. Ironically, those states receiving less than their fair share of funding will most likely fail to meet the work requirements, and thus, be subject to the 5% penalty in S. 1120.

Growth States Often Double Disadvantaged: Most growth states will be double disadvantaged. While population growth will fail to be adequately accounted for in the federal funding formula, growth states will have rapidly increasing numbers of people needed to meet the participation requirements. States such as Arizona, Arkansas, Florida, Hawaii, Oklahoma, Tennessee and Texas will need to have three or four times the number of people participating in work program by 2000 than they do in 1994, despite no or very little increasing in funding over the period.

Block Grant Formula Are "Forever": If the Dole formula is adopted, we are creating

something that will be difficult, if not impossible, to change for a very long time. Example after example can be cited of block grants that are being allocated today based on funding levels to states over a decade ago.

No Lesson Learned: The General Accounting Office in a report issued in February 1995 report entitled "Block Grants Characteristics, Experience and Lessons Learned" wrote, "...because initial funding allocations [used in current block grants] were based on prior categorical grants, they were not necessarily equitable." The Dole approach would once again fail to address these concerns.

WESTERN GOVERNORS' ASSOCIATION: RESOLUTION 95-001, PASSED UNANIMOUSLY ON JUNE 25, 1995

In formulating the block grant proposals for welfare and Medicaid the Western Governors' Association strongly urges Congress to account for [these] realities in order to implement block grant funding in an equitable fashion:

(1) State population levels are growing at different rates, and differences must be recognized in any block grant formula.

(2) States have different benefit levels for both welfare and Medicaid and the block grant should not reward states that have been operating less efficiently and penalize states that have been operating more efficiently.

(3) The need for welfare and Medicaid are related to the business cycle, and the federal government should offer assistance to states during down cycles that is timely and responsive.

After selecting a block grant approach, the next logical question is, "How should the block grant be divided among the states?" The compromise reached by your committee was to prorate funds based on historical patterns. In a static world, that would be a perfect solution. However, as you know, Texas has been and will likely continue to be a high growth state. In the interest of fairness, I would urge you to add a significant growth factor to the block grant that is tied to population needs.—Gov. George W. Bush of Texas, April 25, 1995.

This debate is about fairness and real change versus the status quo Incredibly, the "new and improved" formulas approved by the U.S. House do nothing to address the migration of people within the United States and, in fact, simply set arbitrary spending patterns in stone for the foreseeable future.—Comptroller John Sharp of Texas, April 25, 1995.

It seems to me any welfare proposal should have a basic principle to treat all poor children equitably, and not favor any state's children at the expense of another's. . . . If Congress is going to radically redesign its welfare laws and block grant the money to the states, it needs to allocate that money fairly. States shouldn't be penalized in 1996, or rewarded for that matter, for spending practices of previous years in a system being discarded. That borders on the absurd and it contradicts the very intent of Congress doing away with the system and all of its inherent flaws.—Gov. Lawton Chiles of Florida, May 1, 1995.

If it's done strictly on previous year's experience, that is going to disproportionately punish the Southern States. . . . Distributing the funds based on the percentage of population in poverty, with some consideration of the state's tax base would be much more equitable.—Gwen Williams, Medicaid Commissioner for Alabama (quoted on May 22, 1995).

A poor child in Michigan would get twice as much as a child in my state. That's not right. It's not fair. . . . Let's make equal

protection of children the foundation for reform.—Gov. Lawton Chiles of Florida, May 11, 1995.

When a lump sum distribution is made to the states, what fraction of the total should each state receive? The best approach is to base each state's share on the proportion of that nation's poor who reside in the state. A much less desirable approach is currently favored by the Republican leadership in Congress and is reflected in the House bill. This approach would block-grant funds based on current federal spending, rewarding the states that currently spend the most, instead of assisting those with the greatest need.—Dr. John C. Goodman (Goldwater Institute, paper dated July 1995).

If federal block grants to the states are based on current federal outlays, the effect will be to permanently entrench failed welfare policies in some states. . . . Equally important, the philosophically inclined among us. . . . should wonder why the Congress would enact a block grant system which rewards and continues profligate spending at the expense of states which have done far better at keeping costs down.—Gov. Fife Symington of Arizona, April 26, 1995.

Block grant funding would be locked in, in spite of rapidly changing patterns of need. This dissonance between need and funding would produce devastating results over a five year period.—Sen. Kay Bailey Hutchison and 39 other senators (in a letter to Sens. Robert Packwood and Daniel Patrick Moynihan on May 23, 1995).

Under the [Maternal Child Health Block Grant], funds continue to be distributed primarily on the basis of funds received in fiscal year 1981 under the previous categorical programs. . . . We found that economic and demographic changes are not adequately reflected in the current allocation, resulting in problems of equity.—General Accounting Office, February 1995.

Mr. PRYOR. Mr. President, I wish to add my voice to the debate over the amendment to redistribute the limited funds in this block grant based on the number of poor children in each State.

First let me say that I am pleased by the bipartisan nature of this amendment. There are many areas in the debate where both Democrats and Republicans can agree. We all agree that the current system does not work. It does not put people to work. It does not give States enough flexibility to craft a system that will keep them working. We can agree on what is wrong with the current system. What is much more difficult is finding some common ground on the best way to fix it.

President Clinton called on Congress to end welfare as we know it. Yet here we are building a new system on the rotting foundations of a system that we all agree has failed.

Mr. President, welfare reform should be about protecting children and putting their parents to work. This bill is a step in the right direction, but it uses a formula to distribute block grant funds that fails to give States the resources they need to accomplish these goals. The children's fair share amendment gives States with high populations of poor children the resources they need to serve those children. It bases the funds a State receives on the number of needy people the State will be asked to serve. It is fair.

In Arkansas, 25 percent of children live in poverty. One in every four chil-

dren in my State lives below the poverty line.

Under the formula in this bill, Arkansas would get \$375 per poor child, while the national average is over \$1,000 and some States receive over \$2,000 per poor child. This block grant is to be used for cash benefits, but it also pays for work programs and for child care so parents who find work can afford to keep working. It pays for administrative costs. Arkansas needs to pay a program director and to buy pens and paper just like every other state. Why should the Federal Government pay over \$2,000 for each poor child in New York and Massachusetts and less than \$400 per child in Arkansas and South Carolina?

I support this amendment, but I recognize that it still leaves large disparities in spending per poor child between States. Under this amendment, spending in Arkansas per poor child will rise from \$375 to \$563. In Massachusetts it will fall from \$1,761 to \$1,341. In New York, it will fall from \$2,036 to \$1,375. States that are getting more money per poor child now will still get more money per poor child should this amendment pass. This formula doesn't call for complete equity, but it does move us a little closer to a distribution of Federal funds that is fair.

This debate is not about benefit levels. We should not lock States into the policy decisions they made in years past. I applaud States that can afford to spend more money on welfare. But, the Federal Government has a responsibility to treat children equally, regardless of where they live.

This formula is based on what is really at the heart of the debate on welfare reform—poor children. And I urge my colleagues to join me in supporting it.

Mr. NICKLES. Mr. President, I thank the Senator from Florida as well as the Senator from Arkansas for their eloquent debate and the Senator from New York for giving the counter view. I think we have had excellent debate on this amendment. I know my friend and colleague from New Mexico, Senator DOMENICI, has an amendment that he wishes to discuss.

If no one else wishes to speak on the Graham amendment, Mr. President, I hope that we will have debate on the Domenici amendment, and I ask my other colleagues who have requested time to discuss their amendments tonight. Senator DOMENICI has mentioned that he will not be on the floor too long on this amendment. Other Senators that have amendments listed in the unanimous-consent order, if they wish to debate those tonight, I hope they will come to the floor in the near future.

Mr. MOYNIHAN. Mr. President, might I add that, if they think they wish not to do so, they would let us know.

Several Senators addressed the Chair.

Mr. BUMPERS. Mr. President, I wonder if the distinguished floor manager

would yield for a question. We are going to vote tomorrow, as I understand it. We are going to stack the votes on these amendments. I just wondered if there had been any kind of consent agreement about allowing the proponents and opponents 2 or 3 minutes before each vote to sort of recapitulate the amendment.

Mr. NICKLES. Mr. President, to respond to our colleague from Arkansas, part of the unanimous-consent agreement would allow 10 minutes of debate to be equally divided between the Senators on this amendment, and actually on the Graham amendment there will be 20 minutes equally divided.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. Smith). The Senator from New Mexico is recognized.

AMENDMENT NO. 2575

Mr. DOMENICI. Mr. President, I call up my printed amendment No. 2575 and ask for its consideration.

The PRESIDING OFFICER. Without objection, that will be the pending question.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Senators MOYNIHAN, NUNN, BREAU, and KASSEBAUM be added as original cosponsors of the Domenici amendment on a family cap.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, this is a very serious issue. I do not think we are going to take a lot of time tonight because I think the issue has been thoroughly discussed in various meetings, in conferences, and in caucuses, and clearly among various groups in our country, pro-life groups, pro-choice groups, proabortion groups, welfare reform groups, and so on.

So I am probably only going to take 15 or 20 minutes at the most. I do not want anyone to think that brevity has anything to do with the seriousness of this issue.

I want to talk a little bit about what I am trying to do and give the Senate my best perception of why I think it is the best thing we can do in a welfare reform bill that is attempting to experiment, innovate, and send a program that has failed back to the States so that they might consider handling it differently and tailoring it to the needs of their States within the amount of money that is going to be allowed in whatever formula we end up adopting.

So, as currently amended, the bill in front of us contains a provision requiring States to impose a so-called family cap. This provision says that, if a mother has a child while on welfare, the State cannot increase cash benefits to that mother for that child.

I want to stress that what we are saying to the States is, even if you consider it to be the best thing to do, and even if you have some evidence that, working within a proposal that provides additional cash benefits, you might prevent more teenagers from having children or welfare mothers from having children, you cannot do it

because, while we are busy here saying let us send these programs to the States, we are busy in this bill saying, but we know best, the U.S. Congress knows best.

The Governors came to us and said, let us run the programs. We have now said, Governors, you have to run it with State legislators. We voted that in recently.

So out in the country Republicans have been acknowledging that we want to send programs closer to home where those who are close to the people can carry out the laws as they see them best for their people.

Why do we decide then, with all of that excellent rhetoric about sending programs closer to home, to Governors and legislators, why do we think we are so wise that we say with reference to one of the most serious problems around—teenage pregnancies and welfare mothers that have children—we know the way to fix that is to say if you are a welfare mother and have a child, the State cannot give you any cash assistance? Mr. President, I am not wise enough to know whether they should or whether they should not.

So my amendment is a very simple amendment. In fact, I think I could call it after one of the most distinguished Republican Governors around, for I could call it the Engler amendment. It happens that he is not a Senator, so we are going to call it the Domenici-Moynihan amendment. It could be the Engler amendment, Governor Engler, because he said without any question, testifying before the Budget Committee, which I happen to chair, that "conservative strings are no better than liberal strings." Got it? He said, "Conservative strings are no better than liberal strings."

For what was he arguing? He was arguing for his State to have the authority to determine whether there should be a family cap or not and that they ought to be able to put a plan together on a yearly basis. They do not even have to get that plan on for 5 years. We are sending them a 5-year State entitlement, I say to my friend from New York. Each year they are going to get for 5 years a State entitlement.

What Governor Engler was saying is, let us every year decide on a plan to use that money in the best interests of those who need welfare assistance. And, mind you, everyone should know that the Senator from New Mexico is here arguing about this aspect of a growing disagreement in the Senate, but I want welfare reform. And I want it to be a 5-year program, not a program that people can have forever. And we are on the road to doing that. It should not have been a lifestyle. It should have been a stopover point to get some assistance and training and get on with trying to do for yourself.

So make no bones about that. That is what I want. And I believe the States are apt to do a better job than we have done. Why? Because I think they can experiment and innovate, and, frankly,

I cannot understand, since that is the basis of all of this, why in the world we would say that to them, but when it comes to one of the most serious problems with reference to society today—unwed mothers and teenage pregnancies—we know best. We know best. And we think in our wisdom that if we say no cash benefits, I say to the distinguished Senator from New Hampshire in the chair, that somehow or another it will reduce the number of children born to teenagers or mothers who happen to be on welfare. And there is no empirical evidence that that is true.

Mr. MOYNIHAN. None.

Mr. DOMENICI. None. There is a bit, a smattering of evidence that came out of the State of New Jersey because they tried this, and that smattering of evidence was soon refuted by an in-depth study by Rutgers University which ended up suggesting that probably it had no effect at all with reference to the numbers of pregnancies. As a matter of fact, I do not know why it took so long and two studies, one they did at the State level and one by Rutgers.

Can we really believe, with the problems teenagers are having and the societal mixup that they find themselves in, that cash benefits are going to keep them from getting pregnant? I cannot believe it. Frankly, there is no evidence of that.

Let me tell you, there is a smattering of evidence—not a lot, I say to my friend from New York, but a little bit—that abortions have increased, that abortions have increased.

Frankly, that is not too illogical either. If one is going to stand up and argue that by denying \$284 or \$320, just that notion out there will keep them from getting pregnant and having babies out of wedlock or as welfare mothers, why would it not be logical to assume that if they are pregnant somebody would say, "You are not going to get any help. Why don't you have an abortion?"

If one might work, the other might work. I do not want the second one. I do not want to be for a welfare program that I have to vote for and have on my conscience that I was part of a program to do some good and at the same time said to teenagers, "Maybe you ought to get an abortion." I do not want to vote for that.

So some people ask me: Why do you offer this amendment? After all, the bill before us says there can be some noncash—there can be; it is permissive—some noncash benefits that can be provided. Well, I want them to be able to provide noncash benefits, but I want them to be able to provide cash benefits, not mandatory but that they can.

Now, Mr. President, from what I can tell, clearly we do not know what we are talking about in terms of impact when we say, tell the States what to do and tell them not to give one penny to a welfare mother, teenager or otherwise, who has another child, when we

stand up and say, we do not want any more teenage pregnancies, we do not want any more welfare mothers who have another child, and then to say, and if we just do not give them any money, it will all stop.

Frankly, that is the state of the debate we are in, as I see it. I would almost think that we would have been within our rights to say they have to continue to support them. But I do not choose to do that.

My amendment is very simple and very neutral. If Governor Engler, who has designed one of the best welfare programs in America—and, incidentally, one of the best Medicaid block grant programs on waivers and otherwise—if he chooses to say I have a program and I want some cash benefits to the second child of one of these situations that we really pray to God would not be around, but if he says I would like to try that for 2 or 3 years, why should we say no? Why should we say no? Under the guise of what authority, what wisdom, what prerogative other than we know best and it might sound good? It might sound good to say we are not going to let them have any cash. That may really resonate out there very well. But I am not sure in the end that we would not be better off, since we are trying a program for 5 years and giving an entitlement, to decide that conservative strings are no better than liberal strings, to quote the distinguished Governor, Governor Engler, from the State of Michigan.

I know my friend—and he is my friend. I just saw him arrive in the Chamber. The first time he started sitting at committee hearings I sat right by him in Banking, and I have great respect for him—and I just happen on this one to disagree. I think we are going to have to vote on it, and then obviously the House has different opinions yet from what we have.

I wish to just once again say that in New Jersey, the State that pioneered the family cap, originally claimed through officials that there was a reduction in out-of-wedlock births. Subsequent studies from Rutgers University indicates that that cap had no significant effect on birth rates among welfare mothers. More ominously, in May, New Jersey's welfare officials announced that the abortion rate actually increased 3.6 percent in 8 months after the New Jersey statutes barred additional payments to women on welfare.

Now, I am not vouching for these statistics. That is a small percentage and a short period of time. But it surely points up, Mr. President and fellow Senators, that we really do not know. If we really do not know, it would seem to me we ought to err on the side of giving the Governors and legislatures who have to otherwise put the program together this option.

If they want to put the family caps on, let them vote it in. If they do not want to, let them have a plan that provides otherwise. And it would seem to

me that we will end up having done a far better job under the circumstances for the poor people in this country, poor in many ways, not only poor financially but poor of spirit, clearly, though many of them do not like the situation they are in.

We ought to continue pushing for job training and employment opportunities and employment because that will build a better society for them and that spirit that is so down might be lifted up and they might have a chance.

Now, I urge that my colleagues resist putting strings back into this block grant. And, finally, I point out there is no budgetary impact, no budgetary savings attributed to the family cap provision. So I am not here arguing for more money. I am merely arguing that with whatever money the States get, let them be able to pass judgment on this aspect of their program, which is very, very difficult for us to comprehend in terms of the human aspects of it.

And I hope I am not, by doing this, causing this bill any harm, this welfare bill, because anybody that listened to me here tonight knows I want to try this welfare reform. And I think there is room for the Domenici-Moynihan amendment as a part of this program as we send it back to the States to see if we cannot do better than the last 2 or 3 years.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I could not have stated this case more emphatically, with more clarity and more charity than the Senator from New Mexico. We are talking about children who do not have any control over when they come into the world or in what circumstances.

I would want to make one point. It need not be made in the Senate Chamber, but just for the record. There is a notion that somehow welfare families are large. They are not. They are smaller than the average, husband-and-wife family. The average number of children is 1.9. They begin too early. They begin without the arrangements that need to accompany, ought to accompany, the beginning of a family, a stable husband-wife relationship. Children born to these single women in poverty do poorly the rest of their lives, by and large. We know so little about why all this has happened.

There are efforts abroad to change this culture of dependency, to get the mothers on welfare off the rolls and into work. We have heard one Senator after another describing the programs in place in their States—Iowa, California, Georgia, Michigan—under the Family Support Act, in which States do what they think best and experiment.

But do not put the lives of children at risk in this way. Or at least do not do it because the Federal Government says you have to. That would be

unpardonable. I fear that we are making a grave mistake by prohibiting benefits to children born into welfare families, but if it is to be done, far better that the Federal Government not impose the requirement upon States which do not desire it. Therefore I very much hope that this amendment is approved tomorrow. I have every confidence that it will be. Ask any of us—any of us—ask what if one of our children was in this situation? That could happen. We know what we would say. These other children are our children, too.

I hope that the Senator's amendment will be adopted when it is debated tomorrow morning. And, again, I note that there will be 10 minutes equally divided at that time. I thank the Chair.

I see the Senator from North Carolina is on the floor. He has an amendment, as I believe.

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. I do rise in opposition to the amendment offered by my friend and colleague from New Mexico. I do strongly disagree with the approach we have taken on welfare. And I strongly believe that it has been a total failure and it is time we do something about it.

We have to do something firm and strong. I have been saying, ever since Congress began to debate the issue of welfare reform, that unless we address illegitimacy, which is the root cause of welfare dependency, we will not truly reform welfare. Only by taking away the perverse cash incentive to have children out of wedlock can we hope to slow the increase in out-of-wedlock births and ultimately end welfare dependency.

I am pleased that the bill before us today has been strict, since it was reported out of the Finance Committee, by the inclusion of a family cap provision. This prohibits the use of Federal funds to give higher welfare benefits to women who have more children while already receiving welfare. This is a sensible, commonsense step towards encouraging personal responsibility on the part of welfare recipients. And it is time that they accept personal responsibility. It would establish the principle that it is irresponsible for unmarried women, already on welfare, to have additional children and to expect the taxpayers to pay for them.

Middle-class American families who want to have children plan, prepare, and save money because they understand the serious responsibility involved in bringing children into this world. I think it is grossly unfair to ask these same people to send their hard-earned tax dollars—and tax dollars are earned—to support the reckless, irresponsible behavior of a woman who has children out of wedlock, continues to have them, and is expecting the American taxpayers to pay for them. It is time they become responsible.

The State of New Jersey is the only State in the Nation which has instituted a family cap policy denying an increase in cash welfare benefits to mothers who have additional children while already receiving welfare benefits. The evidence now available from New Jersey, I say to the Senator from New Mexico, as of this morning, shows that the family cap resulted in a decline in births to women on aid to families with dependent children by a 10-percent drop, but did not result in any significant increase—0.2 percent maybe—in the abortion rate.

Information presented yesterday in Washington by Rudy Meyers of the New Jersey Department of Human Services indicates that in the 16 months after the cap was initiated, there was a 10-percent decrease in the rate of out-of-wedlock births. Clearly, the family cap was responsible for this significant decline.

Critics claim that the policy has not caused a reduction in the number of illegitimate births. They claim that there is merely a delay in welfare mothers reporting births to the welfare office. This is not the case. Under the family cap, AFDC mothers still have a strong financial incentive to notify the welfare bureaucracy of any additional births. The family cap limits only AFDC benefits. They still receive increased food stamps and Medicaid benefits for each additional child born. So AFDC mothers still have a monetary incentive to notify the welfare bureaucracy of an additional child.

There has been concern that the family cap would reduce out-of-wedlock births by increasing abortions. However, the current data from New Jersey indicates that it did not result in any significant increase in the rate of abortions among these women, but did result in fewer children being conceived.

The New Jersey family cap was based on the principle that the welfare system should reward responsible rather than irresponsible behavior. Few expected the modest limits on benefits to result in a significant drop in births to welfare mothers.

The fact that New Jersey's limited experiment has surprisingly caused a drop in illegitimate births and hence in welfare dependency, merely enhances the case for the policy that is now in this welfare bill.

Nevertheless, it is clear that this country must begin to address the crisis of illegitimacy. Today, over one-third of all American children are born out of wedlock.

According to Senator MOYNIHAN, the illegitimate birth rate will reach 50 percent by 2003, if not much sooner. The rise of illegitimacy and the collapse of marriage has a devastating effect on children and society. Even President Clinton has declared that the collapse of the family is a major factor driving up America's crime rate.

Halting the rapid rise of illegitimacy must be the paramount goal of welfare reform. It is essential that any welfare

reform legislation enacted by Congress send out a loud and very clear message that society does not condone the growth of out-of-wedlock childbearing and that taxpayers will not continue to open-endedly fund subsidies for illegitimacy which has characterized welfare in the past. The New Jersey family cap policy shows that welfare mothers will respond to this message.

I support such a policy at the Federal level, and I strongly urge my colleagues to vote against the pending amendment.

Mr. President, I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, with some reluctance, I rise in opposition to the amendment of my friend and colleague, Senator DOMENICI. First, let me make sure everyone is clear in what we have in the Dole amendment. The Dole language does not tie the hands of Governors to spend their own dollars. They can give cash benefits using their own money. If the states want to give additional cash assistance to welfare recipients who have additional children while on welfare, they could do so. In addition, the state can even use Federal dollars to provide vouchers or noncash assistance. So I think maybe there might have been some understanding as to what is actually in the proposal before us.

The Dole amendment says that there will be no additional Federal cash benefits given to welfare mothers if they have additional children. In other words, we want to take the financial cash incentive away from welfare mothers for having additional children.

Senator FAIRCLOTH mentioned, I think, the only real experiment we have had on the family cap is in New Jersey. Let us just look at the New Jersey experiment. I am not an expert on this case, but there has been significant homework done on New Jersey in a recent report by the Heritage Foundation: "The Impact of New Jersey's Family Cap on Out-of-Wedlock Births and Abortions."

First, let me mention, I compliment my friend and colleague from North Carolina, Senator FAIRCLOTH, because he has mentioned repeatedly that illegitimacy and out-of-wedlock births are a big part of our welfare problem, and he is right.

I want to compliment my friend and colleague from New Mexico, because he also decried the facts of family break-up and the fact that so many kids are born out of wedlock. I happen to agree with him. It is a staggering statistic when you find out that over one-third of America's babies today are born in a single-parent home. They do not have the luxury of having a father and a mother. Those kids, those newborn babies are starting life at a significant disadvantage. The probability that they end up in welfare, the probability that they end up in crime or some other environment is much, much

greater than those babies who are fortunate enough to be born into a family with both a father and a mother.

So we need to reduce the incidence of children born out of wedlock. I do not think there is any doubt and I do not think anyone would contest that fact. If one looks at the crime statistics clearly that is true.

Would we make a difference if we say under this legislation we are going to take away the cash incentive for welfare mothers who have additional children? New Jersey tried it. What have been the results? I will read from the Heritage Foundation's report. It is dated September 6, 1995:

New Jersey is the only State in the Nation that instituted a family cap policy: denying an increase in cash welfare benefits to mothers having additional children while already receiving welfare. The evidence currently available from New Jersey indicates that the family cap has resulted in a decline in births to women on AFDC but not an increase in the abortion rate.

I will highlight a couple of other points that are in the report. It says:

The cap appears to have caused an average decrease of 134 births per month, or 10 percent.

So it has reduced the number of children born to welfare mothers.

Has that caused a corresponding increase in abortion? I happen to agree with my colleague from New Mexico, I do not want that to happen. I think that would be a terrible result if it does.

I will read from the report:

There has been a concern that family cap in national welfare reform legislation would reduce out-of-wedlock births by increasing abortions. However, the data currently available from New Jersey indicate that while the establishment of the family cap was followed by a clear and significant decrease in the number of births to welfare mothers, it did not result in any significant increase in the rate of abortions among these women.

I will just read one additional line:

The difference between pre- and post-cap abortion rate is extremely small and not statistically significant. Overall, the available data indicate the family cap did not cause an increase in either the abortion rate or the number of abortions.

Again, I am not an expert in that. I do have confidence in the Heritage Foundation. I think they are a very reputable group. I read portions of this study into the RECORD for my colleagues' information.

Again, let me repeat what we have in the underlying Dole bill. It says that no Federal cash benefits would be given to welfare mothers if they have additional children. It does not prohibit States from giving additional cash if they want to do so with their own money. The States can do so if they want to do it.

States are given a block grant. With that Federal money, they can use some of that money to provide noncash benefits. Maybe those benefits would be in the form of food supplements, maybe in the form of additional medical care, maybe in the form of day care assist-

ance, whatever. The State would have the option to do what they want with the vouchers but not cash; in other words, trying to take the additional cash incentive out of welfare.

I think the Dole compromise is a good one. Again, I want to compliment my friend and colleague from North Carolina and also Senator DOLE for this provision and compliment as well my friend and colleague from New Mexico, because I understand his sincerity. I understand his conviction about not wanting to increase the number of abortions, and I appreciate that. But I hope, in the final analysis, that his amendment will not be agreed to.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, might I ask Senator NICKLES, who I assume is managing the bill, does he know whether the other amendments that people were going to offer are ready?

Mr. NICKLES. Mr. President, I will just respond to my colleague, I know Senator DEWINE wishes to discuss his amendment. He also wishes to discuss the amendment of the Senator from New Mexico briefly. I am not sure if Senator FAIRCLOTH wanted to discuss his amendment tonight.

Mr. FAIRCLOTH. Yes, I do.

Mr. NICKLES. And I think Senator DASCHLE has two amendments, and he may wish to discuss his briefly as well.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 4 minutes. I do not want to exceed that.

The PRESIDING OFFICER. Time is not controlled.

Mr. DOMENICI. I understand, but will the Chair advise me of that so I will not waste too much time?

The PRESIDING OFFICER. The Chair will do so.

Mr. DOMENICI. Mr. President, just so we make it clear, the Senator from New Mexico is not telling anybody, any State, any program or putting together a State program, any legislator, individually or collectively anywhere in America that they have to continue cash benefits to a mother who is on welfare who has another child.

All I am suggesting is that while we are busy structuring a new program, we ought to take advice from people like Governor Engler, who has led the way in terms of Medicaid reform at the local level, and welfare reform, when he suggests that we ought to leave this up to the States.

So all I am doing is adding to the voucher system—substituting for that voucher system a permissive payment of cash benefits by the States, if they choose that as part of their plan, and if they think that is better in the overall prevention and assistance to welfare mothers who have another child.

I believe the argument is on the side of prudence, on the side of using some rationale. Let us give the program a chance to work, and let us not dictate

up here, as we are prone to do when we do not know the results.

I have great confidence in the Heritage Foundation. But I have in my hands the summary of a study done by Rutgers University. I believe it is right, and I believe it is the official study on the State of New Jersey. It was a controlled case study, Mr. President, whereby for a period from August of 1993 through July of 1994, 2,999 AFDC mothers that were subject to the family cap were evaluated, and the percentage of birth rate was 6.9 percent. And the AFDC mothers not subject to a family cap was 1,429, and the difference was two-tenths of 1 percent, which is not sufficient for any conclusion to be drawn.

Frankly, I am not surprised at that. But I think it clearly points out that there is some serious doubt about its efficacy with reference to this aspect of the results of the program. I am merely saying, once again, why not give the States a chance? I would assume that New Jersey tried this and some other States want to try it—that is, putting the family cap on. I would assume that if it is so right, and so right for our country, and for the taxpayers, that most States would try it. I just would like to give them the option to do otherwise, if they choose.

I also want to point out that this amendment is supported by the National Council of Bishops, the National Conference of State Legislators, the U.S. Catholic Conference, the National Governors Association, the Women's Defense League Fund, and many others, conservative and liberal. I believe this is not a conservative or liberal issue. This is an issue of how are we going to be most wise and prudent as we deliver up for use this block grant money in an area that is strewn with heartache and problems and misery and waste. I believe this is a better way.

I yield the floor.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, I rise in strong support of Senator DOMENICI's amendment. I think, as we debate welfare reform tonight and as we debate the amendment of my friend from New Mexico, we need to step back a little bit from this whole welfare debate. We are a number of days into this now. It is rather late in the evening. But I think we need to look at this from the big picture.

Mr. President, one of the main reasons that we are on the floor tonight debating meaningful, true welfare reform is because our current welfare system simply does not work. We have decades of experience. We have decades of experience and examples of what does not work. Quite frankly, what we do not know is what does work. We are just now, in the last several years, beginning to see more experimentation at the State level. And while some of the early returns are in, frankly, it is still

very difficult to see what works and what does not work.

I support this bill because I believe that all wisdom does not reside in this Capitol Building, in this U.S. Senate, in the House of Representatives. And I am convinced that the only way we are going to genuinely reform welfare is to allow the States to truly be the laboratories of democracy, and to allow them to experiment, and to make it so that no longer will they have to come, hat in hand, on bended knee, to a bureaucrat in Washington, DC, to see whether they can get a waiver or an exemption, or if they can try something different—something that might even work, Mr. President. That is the background by which I approach this amendment.

Both sides of this particular debate on this amendment, I think, would agree—and do agree—about the tremendous problem, the tragedy that we have in this country today with the growing rate of illegitimacy. Senator MOYNIHAN, who was on the floor a few minutes ago speaking in favor of the Domenici amendment, is probably the foremost experiment in the country on this issue. He forecasted, long before anyone else understood, the importance and significance of what the trend lines really meant.

The tragedy today, Mr. President, is that in some of our major cities, two out of every three births are, in fact, illegitimate. On the national average, we are approaching one out of three. None of us know what the long-term consequences of this will be. But neither do we know what to do about it. We have heard already, just in the short amount of time we have debated this tonight, several different studies that have been cited. I will cite one in a moment. But the fact is that we do not have enough years of experience in New Jersey, or in any other State, to know what effect this family cap has. Does it increase abortions? Does it, in fact, cut down on the illegitimacy rate, without increasing abortions? We have two studies, with contradictory results. The jury—as we used to say when I was a county prosecutor in Greene County—is still out, deliberating. We do not know.

What kind of arrogance is it for this Congress and this Senate—I use the word “arrogance”—how arrogant would we be—when we do not know what works and what does not work, when we really do not know how to get at the issue of illegitimacy, certainly not from the Government's point of view, if the Government can do anything about it—to then turn around and tell every State in the Union that this is what you have to do; we now know best. And to put it on maybe a partisan point of view, now that this side of the aisle is in control, we do not like your mandates, but we like our mandates. Arrogance.

I have been on this floor before talking about things where I thought there should be Federal mandates and where I thought there should be uniformity.

But I did so only when I felt, at least, the evidence was overwhelming that we knew what worked and what did not work and the statistics just did not lie. In this case, we do not know what the statistics show. We just do not know.

So this is one U.S. Senator who is not going to take a chance that this action by this body of telling every single State of the Union what they have to do—I am not going to take the chance that it might just increase abortions, or it might not work at all. It might not have any impact. So I am voting with my friend and colleague from New Mexico, and I think it is proper, as he has very well stated, to restate what his amendment does.

It does not tell any of the States what to do. A State can impose a cap. A State can impose a very tough cap if they want to. They can impose a cap as New Jersey has.

However, under Senator DOMENICI's amendment, we would simply say we are not going to tell you that you have to do that.

Mr. President, I ask unanimous consent to be added as a cosponsor to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DEWINE. Let me close by reading from an article of the Sunday, July 2, 1995, Baltimore Sun. This references the Rutgers study that my friend from New Mexico has already mentioned.

Let me directly quote from the article. “A recent Rutgers University study indicates that New Jersey's family cap has had no impact on welfare mothers.”

Later on in the story, this quote appears, again reading from the same article: “However, the 4 percent increase in the abortion rate occurred over a relatively short period of time.”

So the article points out you still cannot tell what the statistics really mean.

I think we should err on the side of States. I think we should err on the side of caution. I think we should err on the side of allowing the States to truly be the laboratories of democracy.

I am convinced that this is the only way that we are going to in any way begin to deal with our welfare problem. Nobody knows all the answers. We have suspicions about what we think might work.

In this bill, Mr. President, we should encourage more creativity, more diversity, more taking of chances. Quite frankly, trying to run welfare from this body and the other body and the bureaucrats in Washington, DC, has not worked. We ought to try something else, and support for the Domenici amendment really, when you strip everything else away, is a statement that we want to turn this responsibility and the creativity, opportunities, back to the individual States.

I thank the Chair. I yield the floor.

Mr. DOMENICI. Mr. President, might I thank my good friend for his eloquent statement and for his support of the amendment. I yield the floor.

AMENDMENT NO. 2672

Mr. DASCHLE. Mr. President, I ask unanimous consent to call up amendment No. 2672.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I know that other Senators are waiting to offer amendments and so I will not take a long period of time, but I want to talk about two amendments on which I hope we could find some resolution prior to the time of final passage.

The first has to do with the need for a State contingency fund. As I have talked to our Governors, Republican and Democratic alike, the concern they have expressed to me with unanimity is the issue of what happens when circumstances beyond their control affect their own situation within the State.

Perhaps the most illustrative example of their concern occurred earlier this decade during the recession that began in the late 1980's and went into the early 1990's. During that time, the AFDC caseload grew by 1 million families. That represented, Mr. President, a 26 percent increase in the level of AFDC cases with which States had to contend.

The level of monthly benefits increased by \$337 million. That was a 22 percent increase. The cumulative increase in the total benefit payments was \$7.1 billion during the 36-month period between 1990 and 1992.

Unfortunately, under the pending legislation, the Dole bill, there is no opportunity for States to deal with circumstances like that. The Dole bill does provide a loan fund of \$1.7 billion from which States can borrow to deal with contingencies of this kind. But if the level of monthly benefits rose \$337 million, as it did in the early 90's, that would amount to only 5 months of benefits. In a 36 month recession like the one in the early 90's, you would have 31 months of recession for which States would have absolutely no resources at all.

Unfortunately, many Members are very concerned about the consequences of a situation like that. States could be facing economic downturns, dramatically increased unemployment levels, natural disasters, plant closings—that is why there has to be a realization that States themselves cannot be required to shoulder this entire burden. We have to ensure that families in similar circumstances, regardless of where they may be, will receive some assistance.

What I am offering tonight with this amendment is a couple of things. First of all, we would change the amendment from a loan to a grant. We simply recognize that in cases like this, a loan may not provide States with the help they truly need.

So the grant, something I understand Governors on both sides of the aisle feel they need, is much more prudent and much more practical in responding to the circumstances we know will be faced by States at some point in the future.

The difference between this amendment and what is currently found in the Dole bill is that in our amendment, we recognize that States cannot be held 100 percent accountable for circumstances beyond their control, not only circumstances like natural disasters but the circumstances that come once they borrow the money.

What happens if States are unable to repay a loan within the 3-year-period of time? Certainly in many recessions circumstances would not allow a State with very limited resources—that would be especially true in a State like South Dakota, where resources are not available—to repay the loan with interest in the period of time required.

So this recognizes, Mr. President, that there has to be a partnership. We recognize that because of recessions, huge natural disasters, or other unanticipated circumstances, no matter what level of funding we provide to States for welfare in the future, there are going to be times when that level of funding simply is not going to be enough to cope with the extraordinary circumstances that these States may have to deal with.

We require that States maintain at least a minimal effort—the level they spent in 1994—if they are going to be eligible for the contingency fund. In other words, they have to make a good-faith effort to deal with their own set of circumstances.

So, in essence, this is simply attempting to deal with the problem in a much more meaningful way. We recognize the need for a partnership. We recognize the responsibility of the Federal Government and States to work together to ensure that we do not exacerbate the problem when we get into an unforeseen situation of some kind. We recognize that, in many cases, smaller States in particular simply are not going to have the means by which to borrow the money and pay it back with interest in a very short timeframe.

So this assists States in a much more meaningful way. I hope our colleagues recognize the need and recognize that, as Governors and State legislators have talked to us about their biggest concern regarding the transition that we will be undertaking as a result of the passage of this legislation, should it pass—the biggest concern they have is how they are going to cope with unforeseen circumstances, and how they are going to deal with all of the financial and economic ramifications of this plan when, in cases of dire need such as a recession, they do not have the resources or the ability to deal with them.

So, this is a realistic approach to trying to deal with the problem in a better way, and I hope our colleagues see fit to support it tomorrow. I will have a lot more to say about it prior to the time we vote. I will return to this issue tomorrow morning.

Mr. President, on the other amendment, I now ask unanimous consent that amendment No. 2672 be set aside

and we call up amendment No. 2671. I am reading the top of my note here.

The PRESIDING OFFICER. The Chair advises the Senator that amendment No. 2672 is the pending question.

Mr. DASCHLE. I ask that be laid aside and we call up amendment No. 2671.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2671

Mr. DASCHLE. Mr. President, with regard to this amendment, let me simply say there is a realization, I think on both sides of the aisle, that we have a special relationship with our tribal governments, and that special relationship requires a special arrangement as situations like this are addressed. It is very important that we recognize the issue of tribal sovereignty, and also the need for tribes to take responsibility for addressing the serious problems that they face, both socially and economically.

The Dole bill would require that funding be provided to tribes out of the allocation given to each State. This amendment simply says we are going to set aside 3 percent of the resources allocated nationally before the money is given to the States. The allotment formula for distributing money from the set-aside would be determined by the Secretary, but it would be based on the need for services and on data common to all tribes, to the extent that is possible.

We also allow tribes to borrow from the contingency loan fund. Tribes would be able to borrow up to 10 percent of their grant allocation, and the Secretary may waive the interest requirement or extend the time repayment period at times when circumstances would warrant.

I do not know that there is any place in the country more deserving and more in need of special attention than reservations. The poverty rate for Indian children on reservations is three times the national average, 60.3 percent. Per capita U.S. income is about \$14,420. Per capita income on the reservations is a mere \$4,478. Mr. President, 36 percent of Indian children under 6 live in homes today without even a telephone. In South Dakota, over half of all Indian children live in poverty. Mr. President, 63.8 percent of all children on AFDC in South Dakota are Native American.

Shannon County, the location of Pine Ridge Reservation, is the poorest county in the country. Todd County, the location of the Rosebud Reservation, is the fourth poorest county in the country.

Unemployment on reservations is four to seven times the national average. In South Dakota, unemployment rates on the reservations range from 29 percent to 89 percent. There are a lot of reasons for that, no different in South Dakota, perhaps, than other States. But the barriers to work are there. Serious problems that we have to address, problems having to do with the lack of

skills, the lack of education—these are problems that I hope we can begin to resolve much more effectively with meaningful welfare reform.

States have been running these programs for many years; tribes have not. In many places tribes have attempted to work with States to create an infrastructure for running these programs. Frankly, in many places it does not exist yet. This is something in which tribes will need to invest. Tribal programs run on a smaller level and, this will take some overhead. Additionally, we have not always had a proportionate level of assistance from the private sector. Less than one-tenth of 1 percent of Combined Federal Campaign contributions go to Indian programs. Less than two-tenths of 1 percent of foundation grant money goes to support tribal human services.

So, Mr. President, we need to ensure that we get an adequate level of assistance from States and the Federal Government. And I am not talking necessarily about only resources. We are talking about an infrastructure. We are talking about ways with which to make the money that we already spend work better, providing job skills and providing good education, providing help, providing a workfare opportunity. Certainly there is a need for that.

There is ample precedent in current law for earmarking funds for native Americans. I believe a set-aside under this legislation is appropriate.

We need to set this money aside for tribal governments. The Federal Government has a trust responsibility to assure appropriate funding. I believe this amendment will do it.

I yield the floor.

Mr. NICKLES. Mr. President, I appreciate my friend and colleague, Senator DASCHLE, for sending his two amendments. I know Senator DEWINE has an amendment. Let me make a couple of brief comments concerning both Daschle amendments.

One concerning the 3-percent set aside for Indian tribes—I might mention that for Indian welfare programs under the Dole bill we have a provision but it would be allocated strictly on the ratio of AFDC numbers. I am not sure exactly what the number is. I think it is something like not 3 percent but more like 1.7 percent. I will have that figure more accurately in the morning. So we are talking about a lot of money.

I will certainly concur with the gist of my colleague's amendment, that we have a lot of Indian welfare programs that are not working. I am not sure that money is necessarily the answer. My State happens to have more Indian population than any State in the Nation. I have seen a lot of Indian welfare programs that have not worked, again not necessarily because of a lack of money. But I will try to have those facts and statistics for tomorrow for debate.

Also, I would like to make a brief comment concerning the first amend-

ment. That is the amendment calling for setting aside and appropriating money for contingency funds, that contingency fund being in the form of a grant, not in the form of a loan. Under the Dole provision, we have over \$1 billion set aside for loans that the States could borrow from but they would have to pay it back within 3 years. Under the Daschle amendment it would appropriate \$5 billion over 7 years for a contingency fund that says to States, if you have a higher unemployment rate than you did in 1994, you could qualify, and, if you have more children receiving food stamps than you did in 1994, you could qualify, and, if you are spending at least as much money as you are spending in 1994. In other words, a 100-percent maintenance of effort. Then you could qualify.

So it is kind of an idea that here is more money for more welfare. I do not see that as reform. I understand the States might have some problem.

It was also said that there would be distributed in the same formula that we do with Medicaid, match their rates; therefore, for every dollar they spent the State would spend three. They would have an additional dollar grant from the Federal Government, almost an incentive for the State to spend more money on welfare. I am afraid that might increase our dependency on welfare, and maintain welfare as a life cycle, not reverse it. Many of us are trying to reverse that. We are trying to break the welfare cycle, and reduce welfare dependency.

Mr. President, I know my friend and colleague from Ohio is supposed to preside over the floor, and I also know that he has an amendment that he wishes to discuss briefly. Looking at the list, I also see that Senator FAIRCLOTH is on the floor and he has an amendment. I believe Senator BOXER has an amendment; all of which we are trying to have discussed this evening so we can have them voted on tomorrow.

So I will yield the floor in anticipation of the Senator from Ohio who will bring up his amendment.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, I inquire of the Chair what the pending business is.

The PRESIDING OFFICER. When the Senator from Ohio calls his amendment up, it will be the pending business.

Mr. DEWINE. Thank you, Mr. President.

AMENDMENT NO. 2518

Mr. DEWINE. Mr. President, I call up my amendment No. 2518, the caseload diversion amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Ohio [Mr. DEWINE] proposes an amendment numbered 2518.

Mr. DEWINE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mr. DEWINE. Mr. President, I ask unanimous consent to add the name of Senator KOHL as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DEWINE. Mr. President, the purpose of our amendment was to make sure the States tackle the underlying problem of the welfare system. Too often, welfare ends up being quicksand for people—quicksand instead of a ladder of opportunity. The underlying legislation before us will help change this by creating a real work requirement that will help boost welfare clients into the economic mainstream of work and opportunity.

Mr. President, we need to help people get off of welfare. One very important way we can do this is by helping them avoid getting on welfare in the first place. That brings me to the specific proposal contained in my amendment.

This amendment will give States credit for making real reductions in their welfare caseload—not illusory reductions based on ordinary regular turnover, nor, for that matter, reductions based on changes in the eligibility requirements. No. What we are talking about is real reduction in caseload.

Let me cite a statistic, Mr. President. Since 1988, over 14 million Americans have left the AFDC rolls. That is the good news. Now for the bad news. Over the same period there has not been a reduction in the welfare caseload. In fact, there has been a 30 percent increase in the net welfare caseload. More people are coming on welfare every day than are getting off.

So it is clear that our problem is not just a problem of getting people off welfare. We also have to slow the rate of those going on welfare.

We have to make sure, Mr. President, that we keep our eye on the ball, and the ball in this case is keeping people out of the culture of welfare dependency and off welfare.

Under the bill, States will have to meet a very specific work requirement, and that is good. But I think this policy will have an unintended side effect—a side effect that none of us will want. It is a side effect I believe my amendment will cure.

Mr. President, if there is a work requirement, States obviously have an incentive to meet that requirement. If States face the threat of losing Federal funding for failing to meet the work requirement, they could easily fall into the trap of judging their welfare policies solely by the criterion of whether or not they help meet the specific work requirement.

What we have to remember is that the work requirement is not an end in

and of itself. Our goal rather is to break the cycle of welfare dependency. We have found that helping people before they ever get on AFDC—through job training, job search assistance, rent subsidies, transportation assistance, and other similar measures—all of these things are cheaper to do. There are cheaper ways of doing this than simply waiting for the person to fall off the economic cliff and become a full-fledged welfare client.

One positive measure, Mr. President, some States have taken, a measure that we should encourage, is remedial action, early intervention to help people before they go on the welfare rolls. In the health care field we call this prevention. In welfare, as in health care, it is both cost effective and the right thing to do.

Mr. President, the last thing we want to do in welfare reform is to discourage this kind of prevention program. Just the contrary. We in this Congress through this bill should try to encourage the States to do this. But under the current bill, as currently written, States are given no incentive to make these efforts to help people. If anything, there is a disincentive.

If a State makes an active, aggressive, successful effort to help people stay off welfare, then the really tough welfare cases will make up an increasing larger and larger portion of the remaining welfare caseload. That will in turn make the work requirement every year tougher and tougher to meet.

Under the bill, as currently written, without my amendment, there is an incentive to wait to help people—to wait until they are on welfare. Then the States can take action, get them off welfare, and get credit for getting people off welfare.

Mr. President, if the States divert people from the welfare system, keep them off, stop them from ever going on by helping them, the people who stay on welfare will tend to be more hard-to-reach welfare clients. And that will make it more difficult for the States to meet the work requirement.

That really is exactly the opposite, Mr. President, of what we should be trying to do. My amendment would eliminate this purely perverse incentive.

My amendment would give States credit, credit toward meeting the work requirement if they take steps to help before they go on welfare—and, in doing so, keep those people from falling into the welfare trap.

Helping citizens stay off welfare is just as important as making welfare clients work, and just as important as getting people off welfare. Indeed, the reason we want to make welfare clients work, of course, in the first place is to help them off of welfare. But—there is a very important provision in my amendment—we cannot allow this new incentive for caseload reduction to become an incentive for the States to ignore poverty, and to ignore the problem.

Under my amendment, a State will not—let me repeat—will not get credit toward fulfilling the work requirement if that State reduces the caseload by changing the eligibility standard. They get no credit for that. A State will get credit toward a work requirement by reducing caseloads through prevention and early intervention programs that help people stay off welfare in the first place.

Ignoring the problem of poverty will not make it go away. Arbitrarily kicking people off of relief is not a solution to welfare dependency. States should not—let me repeat—not get credit under the work requirement of this bill for changing their eligibility requirements.

Welfare reform block grants are designed to give States the flexibility they need to meet their responsibilities. They must not become an opportunity for the States to ignore their responsibilities. States need to be rewarded for solving problems. Giving States credit for real reductions in caseload will provide this reward.

I believe my amendment will yield another benefit. It will enable the States to target their resources on the most difficult welfare cases, the at-risk people who need very intensive training and counseling if they are ever, ever going to get off welfare.

It will not do us any good as a society to pat ourselves on the back because people are leaving AFDC if at the very same time an even greater number of people are getting on the welfare rolls and if the ones getting on are an even tougher group to help than the ones who are getting off.

The American people demand a much more fundamental and far-reaching solution. They demand real reductions in the number of people who need welfare. Two States, Mr. President, Wisconsin and Utah, have really led the way with the kind of prevention programs that I have been talking about. Other States, including my home State of Ohio, are starting to implement this type of program, a prevention program, to help people before they literally drop off the cliff and go down into the abyss of welfare, some of them never ever to climb out. As part of this welfare reform legislation, I believe we have to encourage States to take this type of remedial action, to take this type of action that will in fact make a difference in people's lives.

Reducing the number of people who need welfare in this country is going to be a very tough task, but it is absolutely necessary that we do it. The issue must be faced. I believe it will be faced with all the creativity at the disposal of the 50 States, the 50 laboratories of democracy.

How are States going to do it? There are probably as many ways of doing it as there are States. There is no single best answer. That is the key reason why we need to give the States flexibility to experiment.

In Wisconsin, for example, the Work First Program, with its tough work re-

quirement, has reduced applications to the welfare system. That is a promising approach, reducing the number of out-of-wedlock births and getting rid of the disincentives to marriage.

The bottom line is simply this: We have to solve the problem and not ignore it. States should be encouraged to take action and to take action early to keep people off welfare, to help them before they drop down into that welfare pit.

This is the compassionate thing to do. It is also the cost-effective thing to do. That is why I am urging the adoption of this amendment.

I thank the Chair.

The PRESIDING OFFICER. Who seeks recognition?

Mr. NICKLES. Mr. President, I believe the Senator from North Carolina will be next in line according to the unanimous-consent agreement.

AMENDMENT NO. 2608

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. FAIRCLOTH. I call up my amendment 2608.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows: The Senator from North Carolina [Mr. FAIRCLOTH] proposes an amendment numbered 2608.

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mr. FAIRCLOTH. I thank the Chair.

I rise to offer an amendment to provide funding for abstinence education.

It is a sad fact that our society is being destroyed by soaring out-of-wedlock birth rates. As Senator MOYNIHAN has pointed out, in areas of some cities, illegitimacy rates are approaching 80 percent. President Clinton has warned us of the close link between family collapse and crime, and he has warned us of the link between welfare and illegitimacy.

What we need is a policy which promotes responsible parenthood, a policy which says to our children: Do not have a child until you are married; do not have a child until you and your husband have enough education, work experience, and will be able to support that child yourself and not expect the taxpayers and the Federal Government to do so; do not have a child until you are old enough and mature enough to be the best parent you are capable of being.

What my amendment would do is take a tiny portion of the enormous amount of money that this bill spends on job training programs and put it toward a program which would actively and deliberately educate children to abstain from premarital sex.

Most liberal welfare programs funded by the Congress through the years have

tried to pick up the pieces after the child has already been born, and they have failed miserably. Does it not make common sense to prevent out-of-wedlock births from occurring in the first place, those that taxpayers are expected to support?

The fact is abstinence education programs work. This is a proven fact. Imagine if we saw nationwide the success we have seen in Atlanta with abstinence education—a real miracle. In Atlanta, abstinence education has reduced sexual activity among young teenagers by over 75 percent. The program in Atlanta is called Preventing Sexual Involvement, and it is specifically targeted to inner-city children. The results have been a reason for optimism and a new belief in what we can do to change this whole sad subject of illegitimacy and social decay in our inner cities.

The bottom line is that only 1 percent of the inner-city girls who participated in the program became sexually active compared to 15 percent of the same girls, the same communities not involved in the program. This kind of result, multiplied nationwide, literally could turn the country around, and that is not an exaggeration. It does work.

Senator after Senator has come to the floor and talked about the shame and failure of our welfare programs. Time and time again we hear everyone agree that welfare is broken. This is an opportunity and a chance to literally turn the issue around and vote to discourage the activities which have caused the problem.

As currently written, the Dole bill will spend over \$35 billion in the next 5 years on job training and vocational education, but not one single penny to promote abstinence education. We will spend a fortune trying to reduce welfare dependency, but not one penny trying to prevent the out-of-wedlock births that cause welfare dependency in the first place.

Again, the amendment that I have is simple. It provides \$200 million per year for abstinence education. That amounts to about 3 cents out of every dollar that this bill will spend on job training and vocational education. We take that 3 cents and spend it on abstinence.

We have all talked about the crisis of illegitimacy and the collapse of the family. Here is an opportunity to do something about it with this small amount of money that could make a difference, that could turn the problem around.

Mr. President, I ask for the yeas and nays on my amendment in accordance with the previous order.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I appreciate the Senator from North Carolina for his amendment and also for his bringing it at this late hour, as well as the Presiding Officer of the Senate for his offering his amendment. I congratulate both Senators for the work they are doing and compliment them for their initiatives.

I believe that the last amendment that will be discussed tonight in the Senate is the amendment to be offered by the Senator from California, Senator BOXER.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from California.

AMENDMENT NO. 2592

Mrs. BOXER. Mr. President, I ask unanimous consent that the pending amendment be laid aside and we take up amendment No. 2592.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. Thank you very much, Mr. President.

I hope we will have bipartisan support for this amendment. Right now in the Dole bill we keep a separate federally means-tested program for abused, neglected and abandoned children. The title IV-E foster care system provides a refuge for children in abusive families, and the Dole bill continues this Federal policy. And I strongly agree with that. I am glad we do not put that into a block grant and leave these kids to fend for themselves because, Mr. President, I know how much you care about kids. If we have to get a child out of an abusive home situation, we want to give a little assistance to the foster family or the adopting parents.

Now, there is one group of children left out in the cold in the current Dole bill. And that is legal immigrant children who have been brought into this country completely in accordance with all the laws. Unfortunately, the way that the bill is now drawn, they would be ineligible for Federal foster care and adoption assistance. Now, we know that the Dole bill restricts benefits to legal immigrants, and there are certain exemptions to that. Such things as immunizations, emergency medical care, and emergency disaster relief are exempted. I believe we should exempt foster care and adoption assistance.

Now, Mr. President, we know that children are placed into foster care because a judge determines that there is a serious risk of the child being hurt in the current home. So I know that my colleagues on both sides of the aisle do not want to single out legal immigrant children and say that we are going to walk away from them. Under the current bill—and I hope it is just an oversight, Mr. President—legal immigrant children would be made ineligible for title IV-E foster care or adoption assistance due to the fact that there is no exemption for it.

We know that title IV-E foster care and adoption assistance helps at-risk children get placed in the homes where they will be safe from abuse and ne-

glect. The adoption assistance is used to help families pay for special needs that the children have. The payments assist adopting families meet the cost incurred due to their new child's physical or emotional disability. Often, the child's disability is a direct result of abuse. Title IV-E foster care assistance helps pay for a child's room and board whether it is in a group home or a family.

So, to sum up the point of my amendment, what we are saying is, those of us who support my amendment, we are very pleased that the Dole bill does keep a separate program for foster care and adoption assistance but we need to make sure it goes to these legal immigrant children.

Mr. President, in the interest of time, let me say this to you. Just because we do not have the money available for these legal immigrant children who are abused and neglected and sometimes abandoned does not mean the problem will go away. I think you and I know what will happen. We both come from local government. And the local people who are compassionate, the local governments, will move in. And that could be a very large unfunded mandate. For example, in Los Angeles, Los Angeles County there are an estimated 1,500 legal immigrant children currently in their system. And if they had to pick up the tab for all of those children, it would be very, very difficult. And you would find that, I am sure in your cities as well. So, again, I hope there will be strong bipartisan support to correct what I hope was a legislative oversight.

I feel very strongly the Senate should show its support for protecting abused and neglected children by supporting this amendment. And I think we ought to think about it. A lot of our parents were legal immigrants. And a lot of the people we know today are legal immigrants who waited in line, were very patient, and came to this country. It seems to me since Senator DOLE did find in his heart his other exemptions such as the ones I have mentioned—emergency medical services, emergency disaster relief, school lunch, and child nutrition—I hope this was just an oversight. And that these young children would be able to go into a foster home, be adopted by a loving family and that those families could get the benefit of the program that all other families get when they adopt children or take children into foster homes.

I do not know, Mr. President, if it is necessary to ask for the yeas and nays now.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mrs. BOXER. Thank you very much, Mr. President.

In the interest of time, I will see you in the morning and have another 5 minutes to explain this amendment.

I yield floor.

AMENDMENT NO. 2542

Mr. MCCAIN. Mr. President, the welfare reform bill imposes upon the States a 6-month time limitation for any individual to participate in a food stamp work supplementation program. This amendment would replace the 6-month limit with a 1-year limit. It would continue to allow an extension of this time limitation at the discretion of the Secretary.

Arizona's current cash-out of food stamps under its EMPOWER welfare program allows individuals to participate in subsidized employment for 9-months with an option for a 3-month extension. There is no reason that the State should have to make another special request to the Secretary in order to maintain this policy. This amendment would allow States with such policies to continue their programs without disruption.

Ideally, I would prefer that the States be able to plan their work supplementation programs without being constrained by requirements imposed by the Federal Government. The States know best how to structure their programs to help their citizens become employable. Thus, my preference would be to eliminate the time limitation altogether.

However, I recognize that many of my colleagues are insisting upon a time limitation for individuals under the program, and I am pleased that we were able to come to an agreement that meets the needs of Arizona and other States that wish to pursue similar policies. In the future, I plan to revisit this issue to allow States maximum flexibility to plan their work supplementation programs.

Mr. President, a primary objective of this bill is to encourage the States to innovate. The best way to achieve this is to get out of their way. We should not impose requirements limiting the States' flexibility unless there is a compelling reason to do so. This amendment will give States additional leeway to innovate in their work supplementation programs and will thereby help them achieve their employment objectives.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENTS NOS. 2511, 2674, 2675, 2574, 2585, 2555, 2570, 2480

Mrs. HUTCHISON. I ask unanimous consent to call up and adopt the following amendments, en bloc. These amendments have been cleared by both the majority and the Democratic managers of the bill.

I further ask consent that any statements accompanying these amendments be inserted at the appropriate place as if read. Those amendments are as follows: Abraham amendment No. 2511; McConnell amendments Nos. 2674 and 2675; Domenici amendment No. 2574; Stevens amendment No. 2585; Bryan amendment No. 2555; Leahy

amendment No. 2570; and Feingold amendment No. 2480.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

So, the amendments Nos. 2511, 2674, 2675, 2574, 2585, 2555, 2570, and 2480, en bloc, were agreed to.

Mrs. HUTCHISON. I move to reconsider the vote by which the amendments were agreed to, en bloc, and I move to lay that motion on the table.

So, the motion to lay on the table was agreed to.

AMENDMENT NO. 2511

Mr. ABRAHAM. Mr. President, I rise today to offer a sense-of-the-Senate resolution, amendment No. 2511. This resolution would state our commitment to passing enterprise zone legislation in this session of Congress. I believe this commitment is crucial because, as we debate welfare reform, we also must find ways to create the jobs necessary to rescue people from the welfare trap.

Enterprise zones are a crucial part of our effort to help poor people in this country. Too many Americans far too long have been trapped in lives of desperation. They have been left without the support of their communities, without meaningful lives and without hope of good jobs and economic advancement.

Many of our urban centers in particular are saddled with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools and joblessness. Indeed, Mr. President, half of the people who reside in our distressed urban areas live below the poverty line.

All of these factors add to the sense of hopelessness in distressed areas. All of them have been made worse by ill-conceived Federal policies, including taxes that discourage investment, regulations that punish innovation and a welfare system that punishes work and fosters dependency.

One step toward restoring hope to our distressed areas, Mr. President, is the welfare reform measure we are debating today. But, as we work to end welfare as we know it, we must give careful thought to what we want to have replace it. We must institute policies that will further our fundamental goal of providing Americans with the opportunity to get off of welfare and into decent jobs.

This requires pro-growth policies that will spawn greater economic activity and job creation. This requires enterprise zones.

The concept of enterprise zones has been with us for some time. Former Congressman Jack Kemp introduced legislation on the subject in 1978. The Senate has endorsed and enacted the concept in one form or another over the years.

We have endorsed the concept because it is clear that enterprise zones will spur investment, entrepreneurship, public spirit and the development of skills necessary for participation in our market economy.

To give credit where it is due, President Clinton has instituted an enterprise zone program in an attempt to help distressed areas.

The Clinton plan sets up nine empowerment zones in which businesses qualify for an employment tax credit and an increase in expensing, and 95 enterprise communities that qualify for \$280 million social services block grants.

But the plan in my judgment provides for no significant tax incentives to spur investment entrepreneurship and job creation. And its social services block grants are based on the failed notion that Government can help create jobs and prosperity in America's inner cities.

We have spent over \$5 trillion on social services, and our distressed areas have only grown worse. Why? Because Government cannot create wealth. The best it can do is unleash our citizens' drive and initiative to succeed in the market economy.

The last time we freed up capital and the entrepreneurial spirit minority business—and the American economy—greatly benefitted. Under Ronald Reagan's progrowth policies, from 1982 to 1987 the number of black-owned firms increased by nearly 38 percent to a total of 425,000. During the same period Hispanic-owned firms surged by 83 percent, according to the Wall Street Journal. Economically distressed areas contain disproportionate numbers of minorities. Thus these figures show an undeniable increase in economic opportunity in those areas.

Unfortunately, in 1986 the capital gains tax rate was increased by 65 percent. And that huge increase brought us 4 straight years in which Americans started fewer businesses each year than the year before. The result, of course, was less job creation and less economic opportunity, particularly among minorities in our distressed areas.

To reverse this dynamic, Senator LIEBERMAN and I have coauthored the Enhanced Enterprise Zone Act of 1995. This act contains provisions, called for in the sense-of-the-Senate resolution, designed to help distressed areas.

It provides Federal tax incentives that expand access to capital, increase the formation and expansion of small businesses and promote commercial revitalization.

It includes regulatory reforms that allow localities to petition Federal agencies for waivers or modifications of regulations to improve job creation, community development and economic revitalization.

It includes home ownership incentives and grants to encourage resident management and ownership of public housing.

Finally, it includes a school reform pilot project to provide low income parents with options for improved elementary and secondary schooling in the designated zones.

The bill recognizes that private enterprise, not Government, is the source of economic and social development.

We know the program will work because 35 States and the District of Columbia already have enterprise zones that have produced over 663,000 new jobs and \$40 billion in capital investment. And the concept has been endorsed by the National Governors' Association, the Conference of Black Mayors, the Council of Black State Legislators and the U.S. Conference of Mayors.

Taken together, these incentives for investment, entrepreneurship, home ownership and skill development will bring the economies in distressed areas back to life. They will encourage full participation in our market economy and public interest in the local neighborhood. The result will be economic growth and, more important, new jobs.

It is my hope that a positive vote on this resolution will put this Senate on record in favor of creating jobs and opportunity. The sense-of-the-Senate resolution I, with Senator LIEBERMAN, am proposing will in my view spur us to enact legislation to strengthen enterprise zones. In this way it will increase the chances for people in distressed areas to get off of welfare and into decent jobs. Strengthened enterprise zones will add to the hopes of our people, the vitality of our cities and the proper functioning of our economy.

I urge your support for this resolution.

Mr. President, I ask unanimous consent that an excellent article on the Abraham-Lieberman enterprise zone bill by Mr. Stuart Anderson of the Alexis de Tocqueville Institution appear in the RECORD following my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Connecticut Post, Sept. 10, 1995]

LIEBERMAN BILL TAKES RIGHT APPROACH TO HELPING OUR CITIES

(By Stuart Anderson)

"Poverty is the open-mouthed, relentless hell which yawns beneath civilized society." Henry George wrote these words in 1879 and they remain true today. Unfortunately, many of the techniques we have tried to alleviate suffering and break the cycle of poverty have fallen far short of their goals. These programs—the core of the Great Society—not only have failed to revitalize cities, they have likely made the situation worse.

A new, more comprehensive approach is needed to renew the blighted portions of America's cities. Past programs have relied on cash payments to the poor, government job training, and even government-provided jobs. The key, however, is to create wealth in the inner city, and to understand that wealth cannot be created by government but only by the private sector.

This understanding of wealth creation is at the core of a promising new bill introduced by Connecticut U.S. Sen. Joseph I. Lieberman and Sen. Spencer Abraham, R-Mich. The Enhanced Enterprise Zone Act of 1995 would establish a host of incentives and reforms that would be added to those Congress approved in the nine Empowerment Zones and 95 Enterprise Communities in 1993. That legislation got bogged down in details and without reform cannot achieve the goals that so many of us have for improving life in the inner cities.

The reforms in Abraham and Lieberman's bill fall into three categories: tax incentives, regulatory reform and educational initiatives.

First, on tax incentives, the bill would establish a zero capital gains rate on the sale of any qualified investment held five years or longer in the zone. It would allow additional income deductions to purchase qualified stock in companies located in an enterprise zone. The bill would double what small business owners in these zones could expense and would provide a limited tax credit for renovations of low-income properties. These are the types of incentives to encourage entrepreneurs to plant roots for the long haul.

Second, the senators realize that regulations, not just high tax burdens, inhibit job creation in the inner city. The bill would allow local governments to request waivers and modifications of environmental and other regulations that a mayor finds to be counterproductive and hindering job growth. Federal agencies could disapprove requests at their discretion but powerful political pressure could be brought to bear on the bureaucracy that might create fascinating experiments at the local level. Another reform of federal regulations, based upon Jack Kemp from his stay at the federal Department of Housing and Urban Development, would provide both incentives and grants for homeownership and resident management of public housing, vacant and foreclosed properties, and financially-distressed properties.

Third, the bill recognizes that lack of educational opportunity can subject children to a life without a real economic future. The legislation therefore would create in the nine Empowerment Zones, two supplemental empowerment zones, and in Washington, D.C., a pilot school choice program. This would allow parents with a low income to send their children to public or private schools of their choosing. Such parents would receive a certificate that could be used to pay a portion of tuition and transportation costs for elementary and high school children.

Already the debate over affirmative action has grown divisive, especially because many African-Americans believe that what few opportunities are available in the inner cities will be snatched away from them by changed federal policies or new court rulings. But as the Democratic Leadership Council's Progressive Policy Institute report on affirmative action notes, "For blacks trapped at the bottom of the economic pyramid, the main obstacle is not vestigial discrimination but the breakdown of critical social and public institutions, chiefly family and schools. Can anyone doubt that dramatically lifting their academic and occupational skills would have a greater impact on their life prospects than maintaining preferences that mostly benefit middle-class blacks, Hispanics, and women?"

Let's get beyond the divisiveness of affirmative action, which courts are already ruling to be unconstitutional. Instead, we should look toward constructive solutions that are more appropriately premised on a commitment to limited government, personal responsibility, and a free market economy. The tax incentives, regulatory reform, and school choice initiatives in the Abraham-Lieberman bill will help unleash the power of countless individuals. And while in the past we have ignored this truism at our peril, it should be remembered that only individuals and businesses, not governments, can create the wealth that will lift people out of poverty.

Mr. LIEBERMAN. Mr. President, I am pleased to join with the Senator from Michigan in proposing this impor-

tant statement of Senate support for an enhanced enterprise zone effort.

From the time I came to the Senate in 1989, I have been proud to work with people like Jack Kemp in advocating enterprise zones for America's troubled neighborhoods. He has been a true visionary, not only on the subject of enterprise zones, but on the whole question of what America must do to redeem the promise of economic opportunity for all Americans.

We made progress on the road toward empowering poor Americans and revitalizing impoverished communities in 1993 when we passed legislation creating empowerment zones and enterprise communities in more than 100 neighborhoods across this country. While a handful of empowerment zones received fairly substantial incentives through the 1993 legislation the enterprise zones received very little in the way of incentives. Still, when all is said and done, enactment of this legislation was a fundamental change in urban policy. It was a recognition that Government did not have all the answers to the ills of poverty in this country. It recognized that American businesses can and must play a role in revitalizing poor neighborhoods. Indeed, American business involvement is essential if we are to break the cycle of poverty, drug abuse, illiteracy, and unemployment.

The 1993 breakthrough was a good start but it did not go far enough. That is why I have joined with the Senator from Michigan in announcing an Enhanced Enterprise Zone Act of 1995. The sense-of-the-Senate we are considering today recognizes the need for this Senate to consider an enhanced enterprise zone package.

I urge my colleagues to support this amendment.

MORNING BUSINESS

Mrs. HUTCHISON. I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TREATMENT OF MUNICIPAL BONDS UNDER S. 722, THE UNLIMITED SAVINGS ALLOWANCE TAX ACT

Mr. DOMENICI. Mr. President, I have noted in recent weeks commentary from some analysts and in some publications that the proposals for treatment of municipal bond interest in the USA tax plan which I have coauthored with Senator NUNN would possibly, severely penalize participants in the municipal bond market. As I have explicitly stated before, it is not, repeat not, the intention of this Senator that participants in the municipal bond markets—whether investors, issuers, or other people—be penalized by the USA tax concept.